

**EMPLOYEE PERCEPTION ON THE IMPLEMENTATION OF THE  
PERFORMANCE MANAGEMENT SYSTEM IN THE AMATOLA WATER BOARD –  
EASTERN CAPE**

by

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## **DECLARATION**

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## **ABSTRACT**

The introduction of a new democratic South Africa in 1994 has brought many challenges in the public sector. Much effort has been applied to redress the imbalances of the past, but the past challenges remain part of today's challenges. One of the challenges identified by the government is the absence of quality service delivery by the public sector. In order to deal with this challenge, government has introduced a legal framework to guide the implementation of an individual and organisational Performance Management System.

Amatola Water is a government water entity operating in the water sector under the Department of water Affairs. Amatola Water commenced formal trading in April 1998, with a directive from the Department of Water Affairs to provide improved and extended water services to enhance the quality of life and socio-economic potential of the people of the Eastern Cape Province.

Amatola Water, introduced the Performance Management System Framework in 2004, embarking upon an intensive programme to deliver services to communities and stakeholders in terms of the Constitution and supporting legislation. The implementation of the Performance Management System framework was considered a need to build upon existing leadership and management capacity in the entity and to optimise its ability to deliver existing services, including present and future programmes.

The study focuses on the implementation of the Performance Management System Legal Framework at Amatola Water. The Amatola Water policy provides guidelines to the managers in the implementation of the Performance Management System Legal Framework. The Performance Management System Legal Framework is designed to assist the leadership of Amatola Water to maintain world-class performance management practices effectively.

The study reveals that the existing implementation process of the Performance Management System has its own limitations and challenges at Amatola Water. The study also recommends that further studies to improve the existing implementation of Performance Management System be conducted with the aim of improving the successful implementation of the Performance Management System at Amatola Water.

## **OPSOMMING**

Die begin van 'n nuwe demokratiese Suid Afrika in 1994 het baie uitdagings in die openbare sektor teweeg gebring. Baie moeite is gedoen om die wanbalanse van die verlede reg te maak, maar die uitdagings van die verlede is nog steeds deel van die uitdagings van vandag. Een van die uitdagings wat deur die regering herken is, was dat daar geen kwaliteit dienslewering bestaan nie. Om dit reg te stel het die regering 'n regsraamwerk geskep om die implementering van 'n individuele en organisatoriese werkverrigtingbestuurstelsel moontlik te maak.

Amatola Water is 'n regering water entiteit regeringsbesigheidsonderneming wat in die watersektor werkzaam is. Amatola Water het formeel met handel in April 1998 begin, onder die aanwysing van die Departement van Waterwese om verbeterde en uitgebreide waterdienste te bied en sodoende die lewenskwaliteit te verbeter en die sosio-ekonomiese potensiaal van die mense in die Oos-Kaap te verhoog.

Amatola Water, het die werkverrigtingbestuurstelsel in 2004 ingestel. Hulle het daarna met 'n intensiewe program begin om dienste te lewer aan gemeenskappe en belanghebbendes met verwysing na die Grondwet en ondersteunende wetgewing. Die implementering van die werkverrigtingbestuurstelsel raamwerk was nodig om op die bestaande leierskap en bestuurskapasiteit in die organisasie te bou en hulle kapasiteit om bestaande dienste te lewer, insluitend huidige en toekomstige programme, te optimeer.

Die studie fokus veral op die implementering van die regsraamwerk van die werkverrigtingbestuurstelsel. Die Amatola Water beleid verskak riglyne aan bestuurders rakende die implementering van die werkverrigting-bestuurstelselraamwerk. Die werkverrigtingbestuurstelselraamwerk is ontwerp om die leierskap van Amatola Water te ondersteun om wereldklas werkverrigting-bestuurspraktyke te verseker en te onderhou.

Die studie wys dat die bestaande implementeringsproses van werkverrigtingbestuurstelsel sy eie beperkings en uitdagings by Amatola Water het. Die studie stel verder voor dat verdere studies onderneem word om die bestaande implementering van die werkverrigtingbestuurstelsel te verbeter met die doel om suksessvolle implementering van werkverrigtingbestuurstelsel by Amatola Water te bevorder.

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# **CHAPTER 1: INTRODUCTION TO THE STUDY**

## **1.1 INTRODUCTION**

The Performance Management System has become a popular subject in many government departments as well as among academics, getting to the stage of being expressed as a specific identifiable subset in operation management. Government at all levels in South Africa, similar to other public sector organisations in the world, has been going through prolonged and dramatic systemic changes. These include socio-economic and legal changes that call for doing things differently compared to the past. There is every reason to expect that the pace and degree of change will continue into the predictable future, with further problems and opportunities arising.

The introduction of the new South Africa in 1994 brought with it many challenges in the public sector. Much effort was applied to redress the imbalances of the past, but challenges of the past are part of today's problems. One of the challenges identified by government is the absence of quality service delivery by the public sector. In order to deal with this challenge, government has introduced a legal framework to guide the implementation of an individual and organisational Performance Management System.

This chapter will provide the contextual background to research into the implementation process of the organisational Performance Management System legal framework. The background will include the South African legal context, which is relevant to the implementation of Organisational Performance Management System. For the benefit of the reader, a brief background of Amatola Water was provided as part of the case study. It is in terms of these facts that the research background, the research problem, and the research methodology will be outlined.

## **1.2 RATIONALE**

Before 1994, the year when South Africa became a true democracy, many Performance Management Systems and procedures were applied in public services, which had detailed rules and regulations for organisational performance management, different categories and different

purposes. The public services relied on tried and tested forms of implementing and discarding systems in their search to find the optimal way of introducing new systems that will result in improvement in sustainable performance. Amatola Water, like many of South African water boards, continues to use the performance management system as a process to establish what was ineffective. Different organisational Performance Management tools were used in the past according to the standards set by the managers to measure organisational performance. The standards were established through direct observations and detailed standards were developed in advance without a legal framework. The standards were based on managers' previous assessments based on subjective experiences and organisational assessment was measured through individual performance with no link to organisational resources. The focus was on managers' overall evaluations and the outcome in terms of quality and quantity of the end product. This has provided managers with the freedom to conduct the organisational performance management system to their way. This was a result of a lack of policy, procedures, and rules in the organisations. It should be noted that policies are very critical in the provision of guidelines for decision-making in management.

In accordance with the legislative requirements and good business practices, Amatola Water, as part of Department of Water Affairs, introduced the Performance Management Framework in 2004. The implementation of the Performance Management Framework was needed to continuously monitor the performance to build upon existing leadership and management capacity in the entity and so optimise its ability to deliver existing services, and present and future programmes in fulfilling government developmental mandate. It was also designed to help ensure that the leadership of Amatola Water is effectively equipped to develop and maintain world-class Performance Management practices. A preliminary study conducted within Amatola Water revealed that the existing Performance Management Framework (Performance Management Policy, Guidelines and Principles, 2005) does not focus much on the organisation as a whole, but rather on individual performance. Since its implementation, the organisational objectives were developed and cascaded to divisions to ensure strategic alignment with corporate scorecard by the management.

The Executive Board is responsible for the preparation and fair presentation of the annual financial statements. These statements include the balance sheet and the income statement, the statement of changes in equity, the cash flow statement for the year then ended, and the

notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Water Services Act 108 of 1997 (Republic of South Africa, 1997) and sub-section 55(1) (b) of the Public Finance Management Act of 1999 (Republic of South Africa, 1999).

The annual financial statements of Amatola Water are approved by the Board and signed on its behalf by the Chairperson and Chief Executive Officer on an annual basis as required by the Water Services Act. From 2006 to 2010, the Board has approved the financial statement and submitted to the Department of Water Affairs. Within this period, Amatola Water has received unqualified audits. In 2011, Amatola Water financial statement revealed a deficit of 30 million rand dating back to the previous years (2007). In 2012, the Chief Executive Officer resigned from Amatola Water with immediate effect.

The reason for the deficit can be linked to the organisational Performance Management Systems. It is for this background that the study into the implementation of the Organisational Performance System Legal Framework is conducted at Amatola Water.

### **1.3 PROBLEM STATEMENT AND RESEARCH QUESTION**

The unqualified audit provided an assumption that all these years Amatola Water was implementing its organisational performance management system with success. However, the 2011 deficit and subsequent resignation of the Chief Executive Officer in 2012 indicate that the audit reports do not provide a sufficient indicator for overall organisational performance. It also questions whether the current organisational Performance Management System at Amatola Water sufficiently captures the successes and failures of the organisation's performance.

Although the policy covers individual rather than organisational performance, the policy is also introduced as part of the implementation of the Organisational Performance Management System to specifically support and contribute to the strategic objectives. The divisional scorecards are used to present progress reports to the Executive Board in the implementation of the organisational Performance Management System. The focus is on the scorecard as part of the implementation process for the organisational Performance Management System as per

Amatola Water Annual Reports of 2006/7, 2007/08 and 2009/10. On paper the system should enable the accurate tracking of organisational performance, if implemented correctly.

The core research question therefore focus on the extent to which the organisational Performance Management System in Amatola Water has been implemented in accordance with the prescribed policy framework. The research will focus on the perceptions of staff on the implementation of the organisational Performance Management System. The research will provide practical insight of what is in place and how it can be enhanced in the implementation of an effective organisational Performance Management System framework by focusing specifically on the research objectives.

#### **1.4 OBJECTIVES OF THE STUDY**

To explore the research problem effectively, the researcher will adopt specific research objectives to systematically address the research question. The research objectives of the current study are to:

- Discuss and conceptualise the nature of an 'organisational performance management system'.
- Describe South Africa's policy framework that guides the implementation of organisational performance management in the Water Board.
- Discuss the employee perception in the implementation of the Performance Management System in Amatola Water.
- Provide recommendations for the successful implementation of the organisational Performance Management System in Amatola Water.

The study will focus on the implementation of the organisational Performance Management System Policy Framework as a development policy and will specifically pay attention to the possibilities that essentially constitute the successful implementation of the Performance Management System. The aim of the study is to contribute to the general knowledge of the implementation of the organisational Performance Management System in Amatola Water to enhance the Performance Management System implementation process.



## **1.5 RESEARCH DESIGN AND RESEARCH METHOD**

According to Parahoo (1997:142), the how, when and where to collect data and analyse it, are called research design. The current study is descriptive in nature, using non-empirical data from existing strategic and operational documents from the case study organisation, as well as empirical data from a self-administered questionnaire to the management and specialist staff of the organization and from face-to-face interviews with four purposively selected senior management respondents from the Amatola Water Board.

### **1.5.1 Use of secondary sources**

The qualitative research method was used to collect “qualitative data” in the form of text, images, sounds drawn from observations, interviews and documentary evidence, and analyse it using qualitative data analysis methods. The approach involves an in-depth understanding of respondent behaviour and the reasoning governing respondents (Mason, 2005:1).

### **1.5.2 Sampling/population**

According to Parahoo (1997:232), purposive sampling can be described as a method of sampling where the researcher purposely chooses the participants in the study based on their ability to provide the necessary data. Purposive sampling was used in this study. The study was purposive and qualitative in nature, based on the population’s expertise and their experience in the implementation of the organisational Performance Management System Legal Framework. One of the advantages of using the purposive sampling was to sample from a population with a particular mindset, because this is where critical knowledge lies.

The survey questionnaire was send to 70 executive management, professionals and skilled managers purposively selected for their knowledge on the implementation of Performance Management system. Eighty five (85) percent of the questionnaires were returned. The same questionnaire was administered through face to face interviewees with five senior managers, also purposively selected for their strategic understanding on the implementation and aims of the Performance Management System.

### **1.5.3 Research procedure**

It is a common practice that before conducting data collection at the Stellenbosch University, the research is informed by the ethical processes of the university. As such, a formal clearance request for permission to conduct the study was lodged with the University and Amatola Water, where the study will take place. Permission was granted by the Departmental Ethical Clearance Committee of the School of Public Leadership of Stellenbosch University and was obtained on 9 May 2011. Permission was also obtained from the Amatola Water Chief Executive Officer on 1 July 2014.

### **1.5.4 Presentation of data**

The data from the research questionnaires was presented in two parts: (i) information about the respondents, i.e. gender, job title and experience; (ii) information about the respondents' response in relation to the questionnaire.

The Likert scale method of reporting was also used for evaluating respondents responses in a form of graph to present disparities in respondents' responses. This was a very useful method in collecting specific data on factors that contributes in getting an overall responses around a research topic.

### **1.5.5 Collection and analysis**

To uncover evidence and capture views and opinions of respondents, the data was collected through semi-structured interviews with senior management (executive managers) through interviews that had the purpose of implementing the organisational Performance Management System at Amatola Water. A questionnaire for self-administration was distributed to professional and skilled managers (employees) for the purpose of collecting data was returned for analysis. The approach used in this study is discussed in chapter 5.

During document analysis, raw data from sets of documents were analysed in the workplace by collecting and analysing official documents such as the business plan, the performance agreement, internal organisational annual reports, memos, policies, and literature on the implementation of the organisational Performance Management System Legal Framework. During the interviews, participants were asked to answer 32 structured questions that were

divided into three sections and were developed specifically for these interviews. The questions were divided as follows:

- 1) Section one focused on the biographical information;
- 2) Section two focused on the implementation of the Performance Management System Legal Framework; and
- 3) Section three comprised of open-ended questions focusing on the challenges of the implementation of the Performance Management System Legal Framework.

The researcher used the same questionnaire for one-to-one, i.e. face-to-face, interviews with Executive Managers and Middle Managers. This was done to design a more relevant sample frame with criteria or subject capable of answering the research questions and to enhance the understanding of selected participants for developing theories and concepts.

#### **1.5.6 Ethical issues**

According to Cloete (1995:29), ethics will be regarded as collection of moral principles, norms, attitudes, values and obligations that serve as guiding the conduct or behaviour elicited by public representatives to ensure that their actions remain focused on the promotion of the welfare of all members of the population. Every researcher has a responsibility to protect the respondents in a research study. The ethical issues related to the research and to which the researcher committed will not be compromised. The respondents were informed of the ethical clearance and it was clearly stated in the questionnaire.

### **1.6 OUTLINE OF THE CHAPTERS**

The following section will outline the chapters in this thesis.

Chapter 1 outlined a brief background about a need to conduct this study at Amatola Water. The rationale, research problem, research objective, research methodology and research design were also discussed.

Chapter 2 discussed the published literature on the Performance Management System. Focus fell on conceptual background, Performance Management at an organisational level. Definitions

of Performance Management and Performance Management System, objectives, and limitations were discussed, followed by a consideration of various performance models relevant to successful implementation of a Performance Management System.

Chapter 3 outlined the relevant policy framework that governs the implementation of Performance Management Systems in government entities. This provides the context for specific organisational policies in the implementation of organisational performance in Amatola Water. Key policies and legislations to be discussed include the Constitution of the Republic of South Africa, White Paper on Public Service Delivery (Republic of South Africa, 1997) Water Services Act 108 of 1997, the Local Government: Municipal Systems Act 32 of 2000, Municipal Planning and Performance Management Regulations (2001) and the Framework for Managing Programme Performance Information (2007).

Chapter 4 discussed Amatola Water Board as a case study. The permission for the study has been granted by the Chief Executive Officer. The background of the organisation and the policy for organisational performance management system is discussed, followed by the policy statement and relevant strategic documents from Amatola Water, which sets the performance targets for the organisation.

Chapter 5 outlined how the empirical research was conducted in terms of the adopted research design and methodology. The description of the population, data gathering procedure and data analysis of interviews and questionnaire data are presented in this chapter. The chapter also discuss the data collected through the interviews and questionnaire.

Chapter 6 discussed findings through collecting data and interpreting results. Recommendations were consequently made on the required possible improvement on the current practice based on the findings. The study will conclude by summarising the core areas that were identified or presented in the research study for future improvement.

## **1.7 CONCLUSION**

This chapter focused on the introduction and the background of the implementation of a organisational Performance Management System. It also covers the preliminary study about the

scope of Amatola Water and the objectives of the study. The research methodologies, the use and typologies of social research procedures employed by researchers, particularly in this study, have been highlighted. Their values and the dichotomies will be addressed. The research methodology chosen for the study anchors the empirical reality of the implementation process of the organisational Performance Management System to arrive at comprehensive and valid conjectural propositions to enable the role of the research in policy processes. The Performance Management System will therefore play a key role in this study. The next section will provide an overview of relevant literature on the implementation of organisational Performance Management Systems.

# **CHAPTER 2: PERFORMANCE MANAGEMENT SYSTEMS IN THE PUBLIC SECTOR**

## **2.1 Introduction**

For every research project, it is critical that the researcher provide background on the existing literature relevant to the field of study (Mouton, 2001:86). According to Bless, Higson & Kagee (2006:24), literature review is critical in the evaluation of previous or existing literature. The rationale is to assess whether there is a consistent finding on the proposed research or whether past researchers disagree with each other (Babbie, 1998:112). Furthermore, the literature review is used to consider the publications that could include academic and scholarly books and articles from the relevant field of study (Brynard & Hanekom, 2006:32). For this study, it will be critical to review the existing current literature in the implementation of the organisational Performance Management System. The literature evolves in the 1880s from traditional systems of accounting for measuring performance, a method lasting until the 1980s. Financial data analysis was first employed in the late 1980s for evaluating business progresses and is still used today. According to Neely (1999), the method was used for accounting and financial purposes to evaluate the business progress.

The existence of a Performance Management System has been an important element of organisational life for thousands of years. The ancient Egyptians had to 'encourage' their workers to build the great pyramids – and, unwittingly, they utilised Performance Management System to do so (Whittington-Jones, 2005:6). According to Zeglat (2012:442), the introduction of a Performance Management System dates back as far as the 1960s and was seen globally as fulfilling a need in improving and managing performance. It was first used as a systematic process for improving organisational performance by developing the performance of individuals and teams (Armstrong, 2009:11). According to Armstrong (2009), Performance Management System was first implemented properly in the 1970s, but did not gain recognition until the late 1980s. According to Michael. (1998:258) and Grobler, Warnich, Carrell, Elbert, & Hartfield (2002:260), Performance Management gained its popularity in the 1980s through its broader emphasis on all management tools using performance assessment to ensure achievement of performance goals.

According to Holloway (1999:35), a Performance Management System has become more important in recent years, as managers – whether in the public or private sector – are constantly under pressure to improve the organisational performance. In addition, the demand for public accountability in the public sector is rising on a daily basis. The required improved transparency, efficiency, and effectiveness are also contributing factors in the public sector for managing performance.

In the last few decades, changes in the approach to public administration occurred globally due to a lack of institutional capacity. This was evident in inefficiency, lack of accountability, ineffective management practices, and lack of transparency in the public sector management. As a result, pressure was placed on public service managers to improve the organisational performance with the aim of speeding up and improving the quality of service delivery. This resulted in the introduction of new policies and systemic processes to change the public service from the previous approach of merely providing a service to an approach of becoming a business-oriented public service. Parker and Bradley (2000:125–141), in their analysis of public sector management, stated that, as a result of the “volatile economies” since the 1970s, there had been significant pressure on the public sector to reduce the cost of government. According to Peppard and Preece (cited in Williams, 2002:4), new information and communication are changing the very nature of business.

The purpose of this chapter is to provide a range of different and detailed theoretical views on the implementation of organisational Performance Management Systems in the public sector. In order to gain an in-depth understanding of the topic, the study will focus on the implementation of Organisational Performance Management System with an attempt to give the definition to an organisation, its objectives, its components, its limitations, the elements of success in a Performance Management System and Performance Management models.

## **2.2 PERFORMANCE MANAGEMENT SYSTEM IN THE ORGANISATION**

Organisations are institutional arrangements that allow a group of people to pursue one common goal, with a clear division of tasks and responsibilities amongst the members of the organisation (Robins, 2008:6, Swanepoel, 2008:5; *Business Dictionary*, 2010). The researcher suggest that this could mean an organisation is a social unit of people, systematically structured

and managed to meet a need or to pursue collective goals on a continuing basis. An organisation has systems of authority, different positions, and control with an influence on organisational performance (Robins, 2008:118–122).

An organisation may be regarded as a planned and coordinated activity by a number of people for the achievement of a common goal, where the organisation provides a social arrangement for the controlled performance of collective goals. The organisation must have a management structure with systems and procedures that will determine relationships between functions and positions, and subdivides and delegates' roles, responsibilities and authority to carry out defined tasks. The aim of the arrangement is to enable people to work together to accomplish organisational objectives, Author (2014)

In ensuring the change in organisational performance, one needs to design and choose a tool that will monitor the progress towards managing the systems and processes in order to understand whether results achieved are producing the intended goal. According to William (1998:211), decision-makers focus their attention on what they want the system to accomplish, how it will fit with other systems, and how those systems might need to be changed. When designing a Performance Management System, its ethical framework should be considered due to different components that need to be simplified for accuracy (Brown & Armstrong cited in Whittington-Jones, 2005:88). The need to enhance the Performance Management System significantly to effectively balance affordability in service delivery is evident. Such improvements must be coupled with institutional reform for autonomy and accountability if they are to remain sustainable in the long run. This could provide means for implementing service delivery improvements in a public service provision set on a long-term and sustainable basis, provided that its definition is interpreted accordingly.

## **2.3 DEFINING PERFORMANCE MANAGEMENT**

Armstrong (2001:465) defined Performance Management as a provision of a holistic ongoing advance to the management of performance. In contrast with the traditional approach to management, which focuses on management by command, its focus is on the theory of managing by agreement. In advance, he put forward that Performance Management is a mean of getting better results from a whole organisation by understanding and managing performance



within an agreed framework of planned goals, standards, and competence requirements (Armstrong, 2000:6).

Schneie (cited in Myrick, 2008:8) concurred with Armstrong (2000) by defining Performance Management as a process of identifying performance and outcomes, and evaluating the results of those outcomes with the organisation's strategic objectives and goals. The author further includes planning, managing, reviewing, and performance in such a way that the whole process leads back to the planning stage, and, as required, runs its course again. In this way, Performance Management is an ongoing process. This is supported by Armstrong (2009:55) when he further emphasised that Performance Management is a process that establishes a shared perspective about what needs to be attained. He further defined it as a combination of interconnected activities and processes that are taken holistically for promoting and enhancing organisational objectives (Armstrong, 2009:59). This suggests that performance management is an organisational arrangements rather than individual arrangement.

Whilst the above authors emphasised on the organisation as a whole, Schultz, Bagraim, Potgiter, Viege, & Werner, (2003:74) saw Performance Management as a process that directs the energy of people in an organisation towards achieving strategic goals. According to Hendry (2000:43–46), the way in which Performance Management processes are implemented by the line managers is vital to the success of the system. This is supported by Pieter (2011:293) when they define Performance Management as a process that significantly affects organisational success by managers and employees working together to achieve organisational objectives.

Furthermore, Armstrong (2001:465) claimed that Performance Management could harmonise a holistic and logical variety of human resources management processes that collectively encourage and contribute as a whole to improve organisational effectiveness. This process must be owned by all parties with clear roles and responsibilities. This is supported by Robins (2008:171) when he defined Performance Management as a process of designing performance standards and assessing performance. Designing performance standards forms part of the strategic objectives, therefore, the strategic objectives cannot be achieved until the plan is broken down into organisational objectives. This means that the objectives will be broken down into performance standards that later become a performance standards agreement. The performance standards agreed upon should reflect organisational objectives. The process in

turn should indicate the roles and responsibility of the divisions in achieving divisional objectives.

This is further supported by Brewster (2008:189–190) who defines performance management as a process that involves the setting of performance objectives, and assessment, against these objectives, and managers that can utilise Performance Management in decision-making for distribution of performance-related activities.

It is crucial to note that the Performance Management on its own is not effective until it is utilised as a process rather than a concept. Therefore, the Performance Management implementation process must be aligned with the organisational performance objectives. The performance objectives should be a guiding vehicle towards achieving organisational performance.

### **2.3.1 Objectives of organisational performance management**

In achieving good results on Performance Management System, one needs to understand objectives of organisational performance. The alignment to strategy starts by providing clear objectives for organisational performance in achieving organisational Performance Management. Therefore, it is the researcher's opinion that the following performance objectives should be defined for the broader perspective of Performance Management:

#### **2.3.1.1 Strategic objectives**

Amos (2004:64) argued that Performance Management is a process that first looks at interpreting in particular the strategic objectives of the organisation and then breaks them down into understandable organisational objectives. Without strategic objectives, the organisation will not know where it is going. The breakdown of strategic objectives into key deliverables is critical in the effective organisational performance management. It assists the organisation to assess the effectiveness of organisational performance. According to Brewster (2008:189–190), organisational management involves the establishment of performance management objectives, assessment against organisational objectives, and subsequent organisational performance management.

Both Amos (2004; 2008) and Brewster (2008) pointed out that organisational Performance Management objectives might prove hard to be effective if they are not aligned with the

organisation's goals, mission, and objectives. One of the critical objectives of organisational Performance Management is to ensure that the organisational objectives are translated into actual activity for effective work. As mentioned in the sections above, organisational Performance Management cannot be divorced from the effort to attain organisational goals.

#### **2.3.1.2 Goal setting**

Organisational goal setting is likely to be more effective when people participate in setting these goals than just being assigned to them. In addition, managers and employees need more flexible training on how to set the goals to ensure that they are detailed and aligned to the organisational objectives (London, 2004:319–336). The organisational goals are critical elements of Performance Management as they ensure that the entire organisation agrees on, owns, understands, commits, and contributes towards the achievement of the organisational objectives. Goal setting is one of the basic demands for objectives of the Performance Management System and should be communicated clearly within the organisation (Whittington-Jones, 2005:11).

#### **2.3.1.3 Setting divisional performance standards**

When one sets organisational objectives, typically this will involve the setting of performance standards, i.e. the measurement of performance against its objectives (Brewster, 2003 cited in Quinton, 2006:11). The objective is to measure performance against its objectives and determine whether the objectives measured are achieving the intended outcome. The objective should be a causal factor of the outcome and it will be measured in order to manage the performance (Radnor, 1993:246). The outcome and feedback can provide further opportunity to identify programmes and functions to be undertaken by teams and in support of the organisational objectives (Swanepoel, Erasmus, Van Wyk, & Schenk, 2003:76). Setting performance standards will enable the organisation to assess the productivity of the divisions that later impact the organisational performance objectives.

There are several performance objectives that influence the implementation of performance management. The important aspect of them is to understand what the performance objectives are and how they are aligned and support the organisation's strategy, goal, and objectives. The researcher has chosen these objectives as they could contribute specifically and directly to the success of the organisational end product. This suggests that a good Performance Management

System refers to the management of all organisational activities in achieving organisational goals and objectives as per set performance standards. Managing all activities as per set performance standards is not enough; instead, the process should be an ongoing one ensuring that performance standards are monitored or assessed in order to yield effective, positive organisational outcomes. For the attainment of organisational objectives one needs to have achievable deliverables, hence strategy is broken down into manageable plans for execution. This cannot be done without a proper process. The process that most public sector organisations have adopted is known as Performance Management System. The system is used as a guideline in assessing organisational performance (Amos, 2008:286). In view of this, it will be critical to provide a conceptual theoretical understanding of the performance management system.

## **2.4 DEFINING PERFORMANCE MANAGEMENT SYSTEM**

Spangenberg (1994:49) argued that a Performance Management System starts with a business strategy and should finish with a business strategy. He further argued that it is an ongoing process that involves planning, managing, reviewing, and rewarding (Spangenberg, 1994:29). Furthermore, Gary (2009:9) defined Performance Management System as a “translation of plans into results-execution” and a process of managing an organisation’s strategy.

Gary’s (2009:9) view is further supported by Radnor and McGuire (2004 cited in Quinton, 2006:106) who define Performance Management System as the entire set of variables that one wishes to measure, influence or control. It is important that the managed variables be accurately measured in a consistent manner so that one can periodically use them to check their validity (Brown & Armstrong, 1999 cited in Whittington-Jones, 2005:39). The critical point made by Whittington-Jones (2005) is that it is essential to ensure that all organisational activities are managed with the common aim of yielding the intended result. Due to the synergy of events required in ensuring effectiveness of the system, it should be utilised with consistence in order to be able to find its pitfalls. This would contribute to the productivity of the entire organisation from strategy down to end results.

To concur with Whittington-Jones (2005), the Performance Management System can be referred to as the organisational planning, control, directing, reporting, and reviewing of the

vision, mission and values with an intent to achieve and report back on progress of organisational activities, whether they are achieved or not. Performance Management Systems are concerned not only with what is achieved, but also with how it was achieved (Price, 2000:177). This suggests that when performing the activities, systems and procedures should be in place. This in turn assists in identifying the advantages and disadvantages of the process followed to achieve organisational intent. It should also be noted that organisations are different. Therefore, the implementation of Performance Management System-related processes and procedures will differ according to organisational objectives.

According to the Centre for Business Performance (n.d.), a Performance Management System involves one's understanding, acting on performance issues at each level of the organisation ranging from individual to teams and directorates through the whole organisation itself. A Performance Management System is critical to ongoing strategic planning, as well as developmental business and objectives setting. Each division depends on another in ensuring that the organisational performance is achieved. Schultz et al. (2003:85) referred to the Performance Management System as management theory to normalise and integrate activities into an encompassing system. With this view in mind, the Performance Management System cannot be effective on its own. Having a policy, process, and procedures for the Performance Management System will not yield good results until its implementation is aligned into the organisation's strategic objectives to ensure the effective and efficient implementation of the system.

Defining a Performance Management System is a complex exercise, involving a combination of issues that touch a series of administrative systems and processes such as:

- Setting performance objectives and targets for programmes.
- Giving managers the freedom to implement processes to achieve the objectives and targets.
- Measuring and report the actual level of performance against these objectives and targets.
- Sharing information concerning performance levels so as to make decisions about future programme funding, changes to programme content or design.
- Providing the organisation or the individual with rewards or penalties.
- Providing information with regard to future review institutions such as legislation and the external auditor, as the focus is to shift people's attention from resource inputs to output and outcome results (OECD, 1995 cited in Polit, 2001:11).

As much as it is a complex system, taking factors such as indicators into consideration should be aimed at the long-term sustainability of the organisation and successful implementation of the performance management system. Williams (2002 cited in Quinton, 2006:24) concur by describing a Performance Management System as a difficult task in three main perspectives:

- I. Performance Management as a system designed to manage organisation.
- II. A system that manages the organisation.
- III. A system that manages the combination of the two.

According to Otley (1999: 363–382), a Performance Management System is the overall control of systems that manages and increases the probability to improve organisational performance. Armstrong (1993 cited in Rogers, 1999:7) defined a Performance Management System as a systematic management process, which is generally aimed at increasing organisational effectiveness by improving organisational performance. The researcher suggests that the entire process of a Performance Management System is one a guide towards achieving a successful implementation of an organisational performance. The next section will look at the components linked with implementation of a Performance Management System in an organisation.

## **2.5 COMPONENTS OF THE PERFORMANCE MANAGEMENT SYSTEM**

As mentioned in the sections above, the Performance Management System is a process that involves planning, communication, and improvement of outcomes, monitoring, coaching, learning, developing, and assisting in identifying underperforming areas. When these components are integrated and frequently reviewed, they are critical and effective in the implementation of the Performance Management System. The researcher has chosen the Performance Management System components below, which play a critical role in the implementation of organisational performance.

### **2.5.1 Culture of performance with clearly articulated roles, responsibilities and accountability for outcomes**

According to Kanungo (1996 cited in Quinton, 2006:23), ensuring culture-fit within the organisation is a mechanism to remove cultural problems. This in turn enhances the effectiveness in the implementation of the Performance Management System. In a culture of performance, teams should understand, commit to, encourage, and provide support with the

aim of attaining the organisational objectives. A well-integrated organisational environment encourages all divisions to contribute positively towards the implementation of the Performance Management System. Responsibility and ownership become very crucial in the implementation process.

As indicated, one of the objectives of Performance Management is to enhance productivity in order to achieve optimum results. Each division should work closely aligned with the total organisational goal and continuously monitor and evaluate its performance. Putting in place clear roles, responsibilities and accountability for outcomes into the implementation of Performance Management will enhance the culture of performance. This will later entrench a sustainable culture of performance within the organisation.

### **2.5.2 Linkage with and integration of good business planning systems**

Philpott and Sheppard (1992 cited in Armstrong, 2001) argued that input and output would be effective if closely aligned with other systems. One of the organisational Performance Management System objectives is to ensure that the business plan will be improved and achieved. Because it is fundamental to the sustainability of the organisational Performance Management System, it should be used as a guiding principle in the achievement of the other organisational objectives. This can be done by aligning divisional plans with an integrated management system. The link will provide a clear picture of different roles and responsibilities that the divisions are required to achieve without losing sight of the organisational objectives.

### **2.5.3 Integration into management strategy designed to improve productivity**

Armstrong (2001:486) claimed that consensus could be reached during performance reviews, which will contribute to the ultimate success of the implementation process. In order to yield positive, effective and efficient outcomes in the organisation, the Performance Management System is the foundation and structure of managing the divisions in the provision of direction to understand the purpose and roles in an attempt to achieve organisational goals.

### **2.5.4 An open communication environment with ongoing constructive feedback**

Armstrong (2000:125–126) claimed that feedback is critical to identify threats and opportunities. As already discussed, one of the components of the Performance Management System is to provide clear roles and responsibilities. The structure of the organisation is fundamental in

ensuring that roles and responsibilities are clearly defined. The purpose of the structure in turn is to ensure reporting lines are clearly defined. Therefore, all divisions within the organisation need to know what is expected of them and how they contribute to the attainment of the organisational objectives. This is at the core of the implementation of the Performance Management System. Furthermore, clear, concise and constructive feedback on the set standards needs to be communicated. The open and constructive communication is the important component of the Performance Management System. This component provides divisional opportunities and informs divisions about their performance. It accordingly provides the opportunity for divisions to review the outcome continuously and enables them to adjust to the required improved performance.

#### **2.5.5 A learning and development strategy with infrastructure and programmes that promote and support effective performance management**

According to David (2003:80), the external environment is critical and performance should be aligned with the Performance Management System to manage potential threats and explore opportunities.

The Performance Management System should be able to ensure that the organisational success is sustainable. As discussed earlier, for the organisation to be able to sustain its achievements, appropriate skills and innovative opportunities are critical. This means clear focus is crucial to ensure that the strategy is implemented. Conducting a thorough divisional training needs analysis will assist the divisions to identify essential learning and development opportunities for short-term and long-term implementation.

#### **2.5.6 Clearly identified requirements, standards, key outcomes and performance measures in the divisional plan**

In order to ensure that the agreed outcomes are achieved, the organisation needs to identify the agreed performance standards clearly (Municipal Systems Act, 32 of 2000) (Republic of South Africa, 2000). As mentioned previously, divisional performance agreements must be signed by all parties after thorough consultation. This means divisional plans will be implemented with the aim of achieving organisational objectives.



As stated earlier that organisational Performance Management System is a complex process, therefore, the components need to be aligned with the organisational Performance Management System. The next section will outline the components of successful implementation of a Performance Management System.

## **2.6 COMPONENTS OF SUCCESSFUL IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM**

In recent years, many organisations have adopted the implementation of the Performance Management System. Many studies show that the regular use of this system may lead to greater chance of success in the organisational performance (Ahn, 2001, 441–461).

According to Bourne (2005, 373), there is, little knowledge about the actual mechanisms which have positive effects on the success of Performance Management. The lack can be explained by the fact that the different studies focus on the design and the implementation of the Performance Management System rather than on the success factors of Performance Management in the organisation. The researcher concurs with the author, as this will be discussed during the section “Limitation of the Performance Management System.

Neely and Martinez (2004:763–770) finds a gap of empirical case study work at organisations into the actual cause of positive effects; however, more attention is increasingly given to the factors which cause Performance Management to be successful. During the discussion on the limiting factors, it was mentioned that the tendency is that when one looks for the success of organisational performance, one tends to look at subjective quantitative issues instead of looking at the evidence in an in-depth qualitative manner.

According to Karve (2013), assessment of organisational readiness plays a significant role in the success of organisational performance. This implies that it is essential to improve efficiency and effectiveness to ensure the readiness of an organisation for the successful implementation of organisational performance.

Ngcelwana (2008:108–132), in analysing the case study of “A critical Assessment of the Implementation of Performance Management in the Nelson Mandela Bay Metro Municipality” ,

illustrates that the success of the implementation of a Performance Management System depends on the necessary resources being available. According to White (1999:47-49), staff management and development will become the primary weapon available to managers to generate success. The municipality must employ a high level of developmental staff, with appropriate qualifications and experience in development management, programme management or project management.

Jansen (2003:74) in turn stated in the case study “A Proposed Performance Management System for the greater Stellenbosch municipality”, that the processes and procedures that talk to organisational policy should be in place and the managers should avoid favours and bias during the implementation process (Jantjies, 2007:88–89). Authors like Alfred and Potter (1995) and Price 2002 (cited in Whittington-Jones, 2005:97) argued that being not objective and bias could cause problems in a Performance Management System. This has been one of the challenges that hit the public sector hard since the dawn of democracy. News reports are dominated by cases of nepotism, false qualifications, political appointments, jobs for pals, and appointments that are related to sexual favours. Recently, the public sector has been impacted negatively again by reports of the appointment of executives without relevant qualifications.

The involvement of stakeholders in planning of organisational strategy is one of the approaches expected to stimulate adoption and ownership of and better performance towards goal attainment (Spangenberg, 1994:19). The commitment to Performance Management issues by all stakeholders is one of the key elements of a successful implementation of Performance Management Systems.

According to Kaplan (1996), an effective management style is very important in the successful implementation of Performance Management, especially the visible attitude of being willing to share information. Continuously conveying ownership to the divisions about what the organisation wants to achieve can ultimately contribute to success factors of the implementation of a Performance Management System.

As much as there is limited legitimate response on the success factors of the implementation of Performance Management, according to Albright (2004,135-153), both the structure of a Performance Management System and the organisational performance need to be of a high

quality. To achieve this, a Performance Management System itself and the attitude of staff within the organisation need to be of an exceptionally high standard (De Waal, 2006, 23–25).

The researcher's assumption is that there are key critical success factors that need to be built into the Performance Management mechanism. Firstly, the commitment by all levels of management needs to be adopted across the organisation and regularly implemented by managers. Secondly, encouragement from the divisions needs to result in improved organisational performance. Below is some of the critical success factors in the implementation of Performance Management System:

A measure then of how effectively a Performance Management System has been implemented is the degree to which synergies in organisational performance are achieved because all employees are working towards the same objective or goal, Quinton (2006:25) stated in the "A Case Study on the Impact of Organisational Culture. Grahamstown, Eastern Cape.

- ". Quinton (2006) further argued that the organisation should avoid a dichotomy between the politician and the administration. The more clear roles and responsibilities there are, the better everybody can work together towards success in the effective implementation of organisational Performance Management.
- The implementation of the Performance Management System has no "unique typology". Instead, some organisations differ when it comes to the analysis of the organisational Performance Management System (Quinton, 2006:103–105). Typologies should be fun and be able to provide a temporary sense of understanding (Schein, 1997 cited in Quinton, 2006:104). The success of the implementation of Performance Management is sometimes different from one organisation to another. It depends on the organisational objectives and the design to achieve the organisational performance.
- Kloot (2000:231–251) suggested that in order to get the return on investment, employees can be the most expensive and valuable assets an organisation may have. This is the result of the demand in accountability, transparency, effectiveness, and efficiency by different communities. The demand has been placed on managers to encourage the employees to enhance their activities with the aim of achieving organisational objectives.

The implementation of an organisational Performance Management System is one of an accounting system. It shows every employee what business strategy and results they are

accountable for and sets the expectations for how they should go about achieving organisational results. In order to implement it effectively, the process needs to start at the top, down and spiral down to the very bottom of the organisation's levels of employees.

All parts must have a clear knowledge and direction about the organisational activities. The success of the Performance Management System rest upon the credibility, experience, knowledge, and qualification of both politicians and administrators. The bottleneck caused by political and administrative intolerance should be sorted out to allow the smooth implementation of Performance Management System towards service delivery.

In a study that included responses from numerous organisations who had implemented the Development Dimension International Performance Management System for more than three years, improvements were seen in employee production, customer satisfaction, employee job satisfaction, quality of products and services, degree of innovation, and financial performance. The following were identified as key success elements in the implementation of Performance Management:

- Accountability – clear roles and responsibilities for all stakeholders must be communicated.
- Skills – skills development for all involved: internal and external stakeholders.
- Clear measurement – the use of lead and lag measures should be encouraged (Davis & Rogers, 2001).

An organisational Performance Management System in a government context will only be suitable when it achieves its key objectives of enhancing performance of government in the attainment of its policy objectives and keeping the electorate and stakeholders satisfied. In essence, it is important for all stakeholders involved to ensure that the implementation of the Organisational Performance Management System is understood by all parties, according to Bobby (2010:12-14) in his case study about “Scottish Government context”.

Some of these elements of success identified by different authors are more similar in suggesting contributing factors towards achieving successful implementation of organisational performance management system process. The politicians and administrators Board of Amatola Water has

an oversight role in the effectiveness implementation of Performance Management. Strategy, planning, and teamwork during the implementation of the Performance Management System are crucial. The researcher's view is that the implementation of organisational performance in the workplace needs the involvement of internal and external stakeholders to realise the organisational strategy (employees, suppliers, and communities). The next section will discuss the limitations in the implementation of a Performance Management System.

## **2.7 LIMITATIONS OF A PERFORMANCE MANAGEMENT SYSTEM**

The concept of the Performance Management System was criticised due to the complication in implementing a system, which looks good on paper but is difficult to implement in practice (Brown & Armstrong, 1999; Furnham, 2004 cited in Whittington-Jones, 2005:83). According to Hartog, Boselie, & Paauwe, . (2004:556–569), Performance Management deals with the organisational challenges such as defining, measuring, and stimulating employees' performances with the ultimate goal of improving organisational performance.

The complete Performance Management System has both qualitative and quantitative disadvantages during the implementation. Some literature states that the Performance Management System has to be completely implemented in order to ensure that it's regularly used as an operational system. A complete Performance Management System can thus be seen as a prerequisite for achieving benefits from the system. "Completely implemented" means that there is a fully operational system in place, which contains critical success factors and key performance indicator data of the organisation, used on a regular basis to monitor, discuss, and manage business performance-related issues and incomplete implementation of the Performance Management System can be caused by being faced with the challenges within the implementation process (Bourne, Neely, Platts & Mills, 2002) ; Bititci, Mendibil, Nudurupati, Turner & Garengo)., 2006 cited in De Waal, 2006:5).

Since most researchers are generally less comfortable discussing and giving feedback on challenges, as these are more subjective and less quantifiable than objectives, they tend to avoid this area. The researcher will focus on the qualitative disadvantages, which cause limitation in the complete implementation of Performance Management System.

### **2.7.1 Not enough strategic information in the system**

According to William (1998:211), decision-makers focus their attention on what they want the system to accomplish, how it will fit with other systems and how those systems might need to be changed. Different methods are used in this process. Both formal and informal communication is used to provide feedback. During this stage sometimes key performance areas are not aligned to organisational objectives, which could yield the gap that may latter impact negatively to the attainment of organisational objectives. The feedback about the organisational strategy should be communicated to the entire organisation. This could impact positively towards the sustainability of the organisational objectives. A lot of time and energy is spent in getting the goals and measures right, reviewing performance, and appraising it. However, things could go wrong and the required effectiveness organisational performance may not be obtained.

### **2.7.2 Organisational performance causes too much internal competition**

Management practices that produce internal competition are so common, they seem to no longer be the exception to the rule. The implementation of Performance Management can lead to high internal competition. During the assessment period, divisions are assessed against the achieved targets. The acknowledgements that they received on quarterly performance achievements could force divisions to compete and can contribute to negative attitudes among those who were not acknowledged. These employees who were not acknowledged can then view themselves as incompetent or blame bias during the evaluation assessment. Negativity can affect the entire organisation and hold it back from achieving its objectives.

The different perceptions of the implementation of the Performance Management System can affect the whole system and its intended purpose negatively. Organisations should reduce internal competition during the implementation of Performance Management, which has an element of emphasising success at the expense of others. The perception must be created that there are no winners and losers, but only winners if the total organisation wins.

### **2.7.3 There is too much information**

Managing information is critical to the success of the implementation of the Performance Management System. Issues of information access, management, and security are often indicators of an even more serious challenge. An environment of information degradation and disorder, where organisations do not understand what data means or how it can be useful, can

significantly limit the success of the organisational Performance Management System. Managing information effectively is critical in the implementation process of the Performance Management System. Solid information can be evidence of the expected outcome; therefore, the information should be handled with care. To those for whom the information is critical, it will contribute to the advancement or achievement of the organisational objectives.

It will be unfortunate when received information from the divisions and the data is not sorted or arranged according to its relevance to the achievement of the goal. There will be confusion and recipients will not know what to do with the information. The level of accuracy when collecting information also makes a difference in decision-making and subsequent action. The quality of information will benefit or contribute to effective Performance Management or outweigh the costs of collection. Organisations regularly collect information for the implementation of organisational Performance Management and later realise that the information cannot be used for the Performance Management System because of some lacking validity, accuracy or relevance to the key Performance Management System. The ability to sort and submit the required reports is a daunting task, because of the vast information at hand. This later derails the whole purpose of the Performance Management System.

#### **2.7.4 Performance management is too expensive**

Kloot (2000:231–251) suggested that in order to get the return on investment, employees can be the most expensive and valuable assets an organisation may have. Most organisations – when they have a strategic plan in place – have a powerful tool to monitor their progress and can communicate through the implementation of their Performance Management System. The organisations are spending time and money in designing the Performance Management strategy. They spend time with their various divisions to make sure that the divisional plans are done and agreed upon by all parties. This period sometimes takes a month or two because of its complexity.

When deciding on the implementation of a Performance Management System, it is important to make sure that the organisation derives most benefit from it. Because of its nature, Performance Management has an element of recognising and awarding performance. This requires the divisions to set an extra budget for rewarding good performance. Collecting accurate data, employing (measuring/assessing) performance managers to ensure effectiveness of

performance and buying new software to assist in the successful implementation of the Performance Management System can be expensive if the divisions are ineffective and do not feel accountable.

#### **2.7.5 There are too many performance indicators**

In order to implement a Performance Management System successfully, one has to set clear performance indicators to provide feedback focusing on performance indicators (Municipal Systems Act 32 of 2000) (Republic of South Africa, 2000). The dissimilarities in reports have a major impact on performance indicators, which in turn could hinder implementation efforts and make it difficult to measure progress. One of the objectives in the implementation of Performance Management is to analyse performance indicators in order to measure progress. Having too many performance indicators will harm the process. It becomes a risk that major issues will not be considered and the actual progress will not be measured. The assumption is that if a report has too great a number of indicators, it is possible that divisions will be overwhelmed and important issues will be lost.

Sometimes different and dislocated indicators are the result of different interpretations about how to achieve organisational objectives. A lack of agreed performance standards and the different reporting lines could limit the effectiveness in the implementation of Performance Management.

#### **2.7.6 The performance indicators are too subjective and unreliable**

The implementation of a Performance Management System requires collecting performance data to meet performance indicators successfully. The success of the implementation is dependent on the quality of the data gathered. The Performance Management System collects its data based on the outcomes according to the agreed performance standards. How much data is needed to assess performance correctly is debatable. What is needed is an adequate indicator that will objectively produce data in terms of the evidence on divisional key performance areas.

The actual collected data will be subjective. The focus will be on the number of meetings attended. Counting the number of meetings attended, however, does not produce accurate evidence towards the implementation of a Performance Management System. The division



should determine the data containing the success in the implementation of the Performance Management System. The implementation of Performance Management has its own limitations, as discussed above. The rationale is to address this limitation to achieve a completely successful Performance Management System. In support of the organisational Performance Management System and for it to work effectively and efficiently, there are key components that need to be put together. These include Performance Management models. These models will be discussed in the next section and emphasis will be placed on the balanced scorecard as a model adopted by most public institutions in South Africa's local government.

Bobby (2010) further argued that the organisational Performance Management System in a central government context would only be suitable when it achieves its key objectives of enhancing performance of governments in the attainment of its policy objectives and keeping the electorate and stakeholders satisfied. Organisational Performance Management in the public domain, i.e. accountability to the community, serves as a key in the successful implementation of the organisational Performance Management System.

An organisational Performance Management System is one of the tools used to determine the organisational performance in the public sector, as it is regarded as a contributing factor in the organisational strategy towards goal attainment through the process of managing the organisational inputs and the ultimate outcome. This suggests that the Performance Management System is an integrated management tool to improve organisational performance. It is in this view that the theoretical concept of organisational performance management is discussed.

One must not lose sight of the fact that organisational Performance Management System is implemented for different reasons across organisations and with different expectations. If the reason is to understand its implementation process, one should understand the process of implementing it. If the reason is to understand its intended cause, one should understand its intended cause. One of the objectives of the organisational Performance Management is to improve systems and processes in order to encourage and provide opportunities for innovation. As mentioned in the sections above, it does not only focus on the organisation, but also looks at the broader environment that it operates in to afford customers and stakeholders the platform to be role players through surveys and customer complaints systems.

When setting the organisational strategy, it is important to look at the environment in which one wish to operate. This can be achieved through the alignment of organisational goals, missions and values. The aim is to build the corporate strategy for the organisation in order to ensure that Amatola Water is performing at an optimum level. Ongoing learning and development are critical in ensuring that the organisation is achieving its organisational objectives at a sustainable level. Enhanced innovation and skills are critical towards the sustainability of the organisation's performance. This assists the organisation in adapting and preparing for any environmental or technological changes. In trying to make the organisational Performance Management System work effectively and efficiently, there are key areas, such as the components of Performance Management, that need to be assembled. The components of Performance Management will be discussed in the next section. When these elements are integrated and continually reviewed, they are the cornerstone of an effective Performance Management System.

## **2.8 PERFORMANCE MANAGEMENT MODELS**

The techniques and practices of Performance Management models originate from the field of study of applied behaviour analysis. The term performance management model is used to describe the scientific study of behaviour (Baer, Wolf, & Risley., 1968:103–105). The increasing attempt of local authorities to carry out a systematic review environment as the starting point for the process can be identified in some local authorities, but is not yet fully integrated in most local authorities (Rogers, 1999:90–91).

The Performance Management model is referred to as a systematic, data-orientated approach to manage people at work and to optimise performance. It can add value in the process of linking people and jobs to the strategy and objectives of the organisation to align organisational policy, strategy, operations, assessments, and information systems. When the model is used effectively, it correlates the aims of an organisation and the plans into a more integrated approach to the management of performance and accountability in local authorities in general (Mwita, 2000:26).

According to Edis (cited in Mwita, 2000:27), a Performance Management model is an integrated, systematic approach for improving organisational performance in order to achieve

corporate strategic aims and promote its mission and values. Models of Performance Management Systems promote a helpful means of summarising how Performance Management can be conveyed to employees and provide the basis for training and development activities (Armstrong, 2009:183).

Different Performance Management models, with respect to their different characteristics, will be discussed in this section. Focus will be given to the following models:

- Three E's: Economy, Efficiency and Effectiveness;
- The Systems Model of Performance Management;
- The EFQM Excellence Model;
- South African Excellence Model; and
- The Balanced Scorecard.

### **2.8.1 The Three E's Model**

It can be difficult to find the best mix of economy, efficiency and effectiveness, as there are so many ways to obtain value. The first term is "economy" which covers the financial resources' influence of the work being completed. The term efficiency is about saving time, costs, and otherwise removing waste. The focus may be on providing a specific output (effectiveness) for the least cost (economy) – this may be at the expense of efficiency, maintaining and producing the best output (effectiveness) for that cost.

The "Economy" measures the cost of the resources consumed and the value of the output delivered. Its focus is to consider financial factors to improve efficiency. It must be noted that finances on its own are not regarded as a complete indicator in the assessment of the organisational performance, but are rather an integral element of Performance Management.

The "Efficiency" can be measured in terms of the inputs required to generate the outputs. This means that the process followed to complete the work must be defined, and that each part of the process is assessed to see what resources are required for performing the activity. This can be viewed as a starting point or benchmark for measurement. Future work is then measured against this benchmark to see if it has taken more or fewer resources. Progress changes are also measured to see if they are less efficient. It is furthermore useful to measure one team's efficiency against that of another.

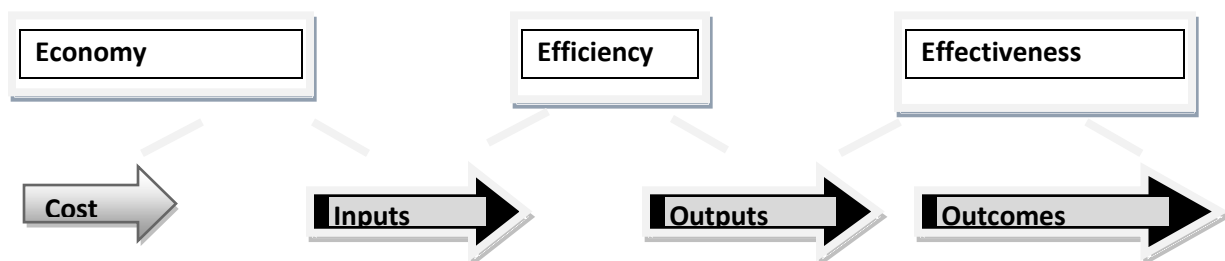
The “Effectiveness” is measured by setting out clear objectives before work starts and then “evaluating” whether the objectives have been met or not and effectively meeting the stated and implied needs.

The three E’s can be characterised as:

- Effectiveness explains the extent to which the outputs or services of a programme are successful in attaining the stated objectives or priorities quotation.
- Efficiency is characterised by the cost of the inputs used per unit of output.
- Economy is characterised by the cost of inputs that are used to produce the outputs (Van der Walt, 2004:179-180).

According to Van der Walt (2004), economy, efficiency and effectiveness cannot be separated when measuring performance and service delivery. Performing effectively, efficiently and economically means the right work is done and completed within the desired timeframe utilising the required and available resources. According to Drucker (2001:147), there is no efficiency without effectiveness. This implies that the outcome is influenced by the other factors, and influences them in return. According to Profiroiu, (2001 cited in Mihaiu, 2010:8) performance refers to the relationship between the efficiency and effectiveness and a corresponding budget. These responsibilities are part of managers’ contract, therefore managers have a responsibility to ensure that tasks are performed and the intended objective is achieved. It is important that the priorities of senior management are established, as this will then drive the most appropriate measures to be used and can lead to the best mix of economy, efficiency and effectiveness. This will change over time, depending on the focus of the organisation and external factors.

### The Three E’s: Economy, Efficiency and Effectiveness



**Figure 2.1: Three E’s: Economy, Efficiency, and Effectiveness**

**Source:** Van der Walt (2004:180)

## **2.8.2 The European Foundation for Quality Management (EFQM) Excellence Model**

The term excellence is used, because it focuses on what the organisation does, or could do, to provide an excellent service or product to its customers, users or stakeholders. Many organisations, regardless of sector, size, structure or maturity, need to be successful in establishing an appropriate management framework. It is not strictly rules of application, but rather good organisational management that assists in the attainment of organisational excellence.

To assist in this, the European Foundation for Quality Management Model was founded in 1998 with the endorsement of the European Commission as a non-profit organisation with a membership of more than 800 (European Foundation for Quality Management, 2000:45–49). It originates from the private and public sector organisations and voluntary organisations can benefit from using it. It is an integral approach of the European Foundation for Quality Management to structure quality management by public-private sector organisations, including Non-profit making organisation. Its main focus is to produce self-assessment for measuring the strengths and areas of necessary improvement. By applying the European Foundation for Quality Management Excellence Model, organisations can assess how effectively their current management practices are delivering the strategic objectives they have defined and organisations will discover learning and improvement opportunities (European Foundation for Quality Management Excellence Model, 2000:191–201). The application of this model can be challenging in that the organisation may perform its services to the community with the aim of achieving an optimal quality standard, but this can be reduced by the receiver when perceived the entire service as a poor quality performance. Generally, quality occur when there is an interaction between the organisational performance and individual or group perception with regard to acceptable performance standards.

The European Foundation for Quality Management Model conceptualises organisations by discerning enabler and performance elements as ingredients for striving toward excellence (Mirella, Kees & Huijman, 2007:90–104). There are nine ideas, separated into four enablers and five results that underpin the model. The enabler criterion is concerned with how the organisation conducts itself and how it reviews and monitors key processes. To develop this

further, each criterion is supported by a number of criterion parts. Criterion parts pose a number of questions that should be considered in the course of an assessment. Following each criterion part, there are guidance points by the European Foundation for Quality Management Excellence Model.

**Leadership:** Excellent organisations implement their goals, mission and vision. They organise organisational values and systems required for sustainable success.

**Policy and strategy:** Excellent organisations implement their goals, mission and vision by developing a stakeholder-focused strategy. The policies, plans, objectives, and processes are developed and deployed to execute strategy.

**People:** Excellent organisations manage, develop and release the full potential of their people at an individual, team-based and organisational level. They promote fairness and equality, and involve and empower their people.

**Partnership and resources:** Excellent organisations plan to manage external partnerships, suppliers and internal resources in order to support policy and strategy, and the effective operation of process.

**Process:** Excellent organisations design, manage and improve processes in order to fully satisfy, and generate, increasing value for customers and other stakeholders.

**Customer results:** Excellent organisations comprehensively measure and achieve outstanding results with respect to their customers.

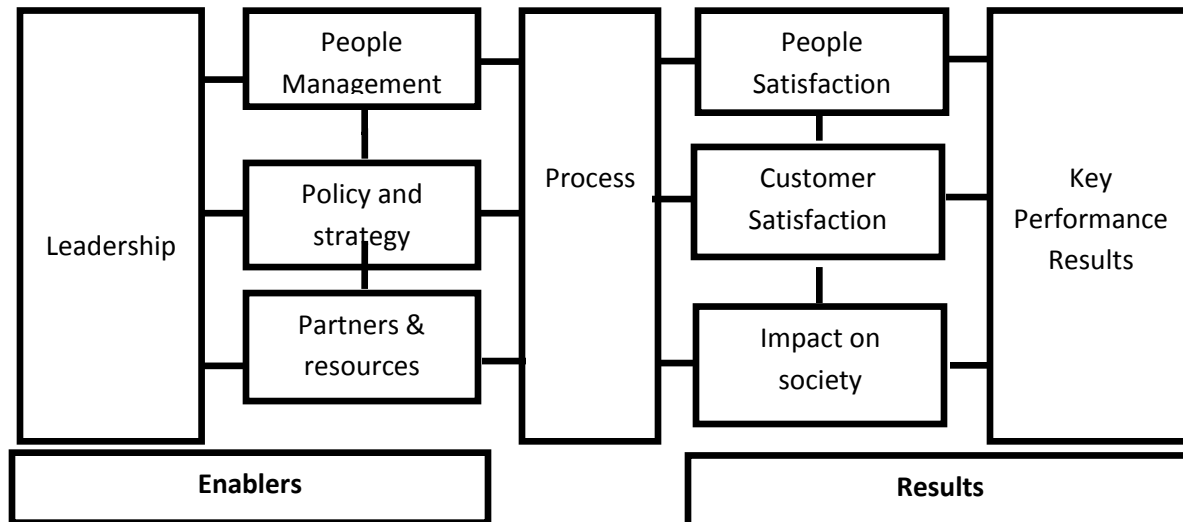
**People results:** Excellent organisations comprehensively measure and achieve outstanding results with respect to their people.

**Society results:** Excellent organisations comprehensively measure and achieve outstanding results with respect to society.

The use of these guidance points is not mandatory nor is the list exhaustive, but it is intended to further exemplify the meaning of the criterion part (Van der Walt, 2004:185). Each of the nine criteria is subdivided to describe in more detail the concept of excellence. The starting point for organisations is to gather evidence relevant to the nine criteria of the model by proving questions in the case of each criterion: “How good are we?” and “How could we improve?”

The enablers provide the means for others to perform their required performance. The assumption is that better performance is likely to yield positive results when there is coherence, clarity, and feasibility of policy objectives.

### The European Foundation for Quality Management



**Figure 2.2: The European Foundation for Quality Management (EFQM) Model**

**Source:** Armstrong and Baron (2005:118)

### 2.8.3 The South African Excellence Model

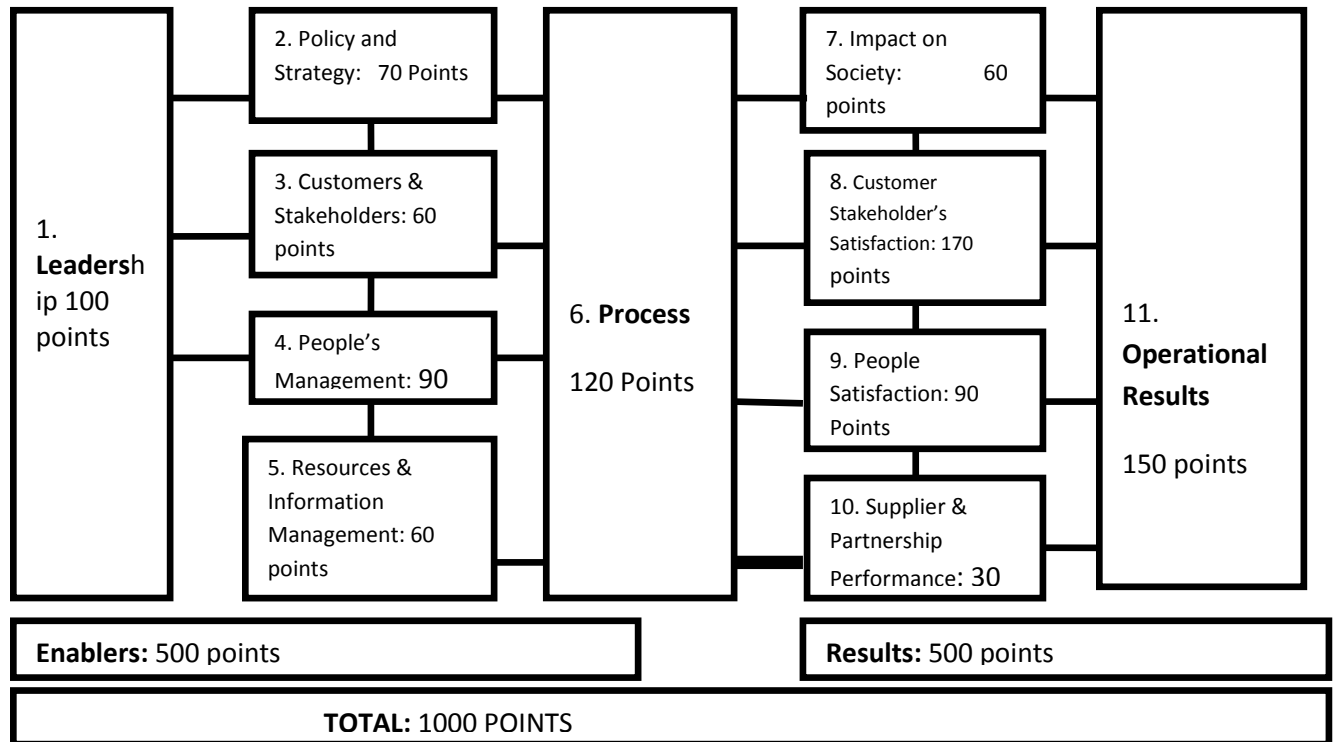
The South African Excellence Model Quality Framework, the Business Excellence Framework and their respective awards were the catalyst for the introduction of a more customer-oriented culture. This was also the major change for a public sector organisation, which has historically been lacking a customer-driven approach. The South African Excellence Model was one of the major influential factors for the development of the South African Excellence Foundation's Excellence Model.

The Excellence Model is a generic plan that can be applied to both public and private sectors. The South African Excellence Model provides a framework and direction that encourage a culture of performance excellence. It is based on the Burke and Litwins Model (1992) that predicts behaviour and performance consequences within the organisation; that is, cause (organisational conditions) and effect (resulting performance) (Van der Walt, 2004:184–185). The framework can be used in local government by the managers as a starting point to improve

efficiencies in their departments. This can later provide an opportunity to evaluate practical facts to determine whether deliverables have led to business success. The framework referred to primarily a problem-solving instrument that allows institutions to conduct an ongoing self-assessment on their performance. The outcome of the assessment identifies strong positions of performance as well as areas of necessary improvement, which are compared to a set of internationally recognised criteria for performance excellence. Its main objectives are to provide a logical structure and guidelines to create an institutional culture of excellence, which promotes competition and enhances the corporate well-being of all its citizens.



## The South African Excellence Model



**Figure 2.3: The South African Excellence Model**

**Source:** Adapted from the South African Excellence Foundation (1999)

When using the model in improving organisational performance, it is important to apply its internationally recognised criteria for performance excellence (See Table 2.1).

### Criteria for performance excellence

**Table 2.1: Criteria for performance excellence**

CRITERIA	ASPECTS TO MEASURE
Leadership	The behaviour and actions of the executives and how they inspire support and promote a culture of performance excellence.
Policy and strategy	How the organisation formulates, reviews, and turns policy and strategy into plans and actions.
Customer focus	How the organisation determines the customer requirements, and

	expectations, enforces relationships with customers and determines their satisfaction.
People management	Whether or not the organisation realises that its most valued assets are employees and how it utilises them. Whether or not it allows the creativity to unfold and whether or not its employees perform to excellent standards.
Resources and information management	Employees become effective and resourced when they have knowledge at their disposal.
Processes	How the organisation identifies, manages, reviews, and improves its processes.
Impact on society	Whether or not the organisation takes the needs of the communication around it into account (social judgment).
Customer satisfaction	What the organisation does to satisfy its customers.
People satisfaction	Whether or not the organisation realises that satisfied employees result in satisfied customers.
Supplier and Partnership Performance	What the organisation is doing with regard to managing its suppliers.
Results	Whether or not the organisation is achieving its planned objectives and satisfying other stakeholders.

**Source:** Adapted from the South African Excellence Foundation (1999)

The listed criteria for the Excellence Model (see table 2.1) enable a public institution to: (i) identify its strength; (ii) identify development areas; (iii) set plans for improvement; and (iv) repeat the process.

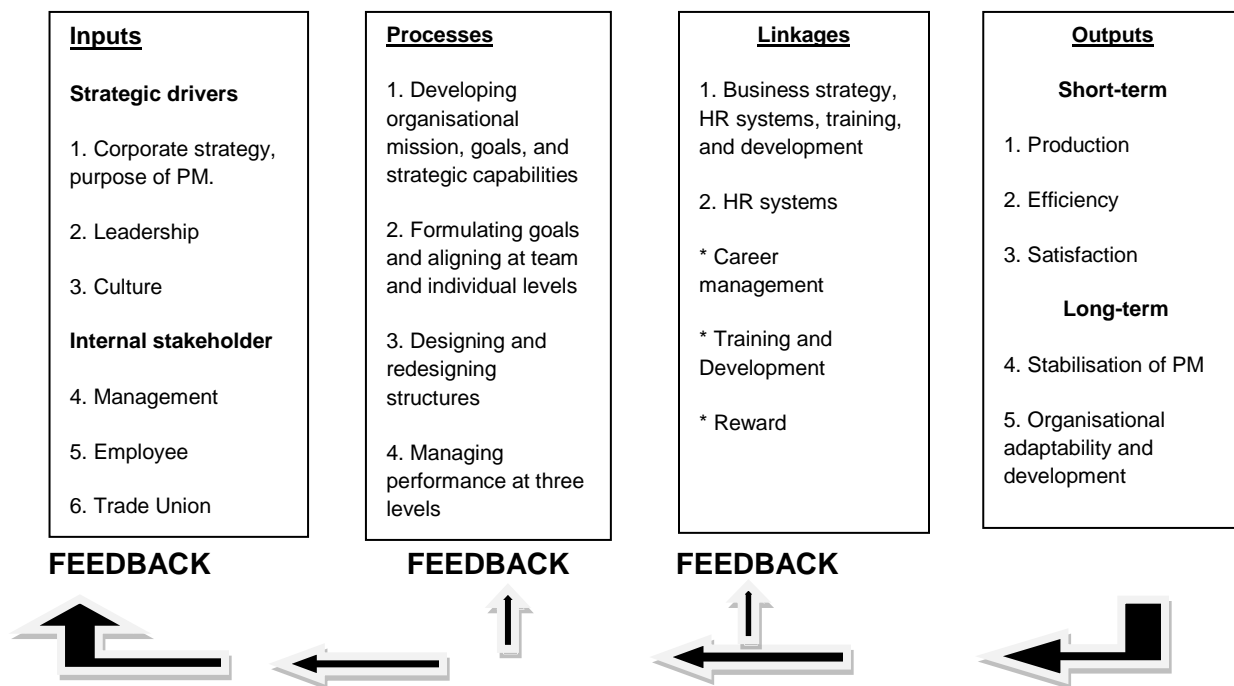
#### **2.8.4 The Systems Model of Performance Management**

The key factor of management is the complexity of understanding the practices as well as principles behind Performance Management. Leadership is important in organisational Performance Management and poor or good management can be a result of poor or good leadership. It is through leadership that organisational strategic direction is channelled to exploit the opportunities (Spangenberg, 1994:41).

The Systems Model was developed to explore the problems experienced during the Performance Management process. The main focus of the Systems Model is to describe Performance Management as a holistic system and to show the interrelationship between the various elements such as input, process, output, and structure. It makes provision for those organisational issues that would make or break the system. According to Spangenberg (1994:38), the Systems Model of Performance Management is comprised of inputs, processes, linkages, and outputs:

- Inputs are characterised by strategies and internal stakeholders.
- Processes are developed through five phases of Performance Management. In order to ensure the effectiveness of Performance Management, it must be aligned to organisational internal processes.
- Outputs are characterised by conducting work in terms of production, efficiency, and satisfaction in an environment conducive to the growth of the organisation. The focal point of a System Model approach lies in regarding Performance Management as a holistic system through the alignment of different components of Performance Management such as illustrated in Figure 2.4 below.

## The Systems' Model of Performance Management



**Figure 2.4: Systems Model of Performance Management**

**Source:** Spangenberg (1994:38)

### 2.8.5 The Balanced Scorecard Model

The Balanced Scorecard was introduced as a financial measure in a management system (Kaplan & Norton, 1992). Both Kaplan and Norton (1992) used the balanced scorecard approach in the early 1990s to compensate for the perceived shortcomings of using only financial metrics to judge corporate performance (Niven, 2005:12–13). It is important to understand and align the products and services of a company with the direction the company intends to take or the direction it intends to convince its business strategy. The market and distribution channels are equally important in order to respond to customers, markets, and competitors.

Since the inception balance score in 1992, it has been widely adopted by organisations in the private and public sector around the world, and is used by managers to keep track of performance in the organisations and improve measurements. A model was initially developed and implemented for the private sector and later applied to the public sector (Jantjies, 2007:30).

The implementation of this model depends on what the organisation ultimately intends to achieve. The criterion is not a blanket approach, but a process or tool that should be tailor-made for specific outcomes.

The vision and the strategy comprise the first step in the balanced score card (Niven, 2005:26). It is a strategic management system that integrates strategy, organisational learning, performance measurement, employee development, technology, process efficiency, customer value, and financial performance into an integrated system for managing the desired strategic results for the organisation. The balanced scorecard is another distinct model, which integrates financial and non-financial strategic measures and contains outcome measures and the performance drivers of outcomes, aligned together in cause-and-effect relationships (Kaplan & Norton, 1996:31), further argued that the balanced scorecard should be able to link departmental goals to the overall strategy (Kaplan & Norton, 1996 cited in (Robert, 2001:87)). The model can answer the question: How are we doing against our expected performance goals, and what actions should we be taking today to get the desired outcomes for the future? It is an approach that retains measures of financial performance such as lagging outcome indicators, but supplementing these with measures on the drivers, the lead indicators of future financial performance (Robert, 2001:87).

The balanced scorecard model is a strategic planning and management system that is used extensively in private, public and non-profit organisations worldwide to align business activities with the vision and strategy of the organisation, with the aim of improving internal and external communications, and monitor organisational performance against its strategic goals. The strategic planning process begins by determining the organisation's primary objectives and aligned relationship between results (primary objectives) and determinants (secondary objectives). When linking performance measurement and organisational accountability, there must be a clear distinction between primary and secondary objectives or results and the determinants of those results (Atkinson, 1997:20–23). Local government has traditionally been concerned with measuring the delivery of primary objectives, or results, at the expense of secondary objectives, or the determinants of organisational performance (Kloot & Martin, 1998:231–251).

Since its inception, the balanced scorecard has been regarded as one of the high-profile models that have attracted popularity among practitioners and academics because of its alignment with strategy. The strategy should be based on the market segment and should be linked to its internal-external business process to deliver on its value in the market. One of the key aims of the balanced scorecard is linking together the measures of the four areas in the causal chain, which passes through all four perspectives and responds to four basic questions related to four perspectives such as customers, innovation and learning, internal processes and financials.

**Financial Perspective:** This perspective is typically related to profitability and responds to the question: “To succeed financially, how should we appear to our shareholders?” It is measured, for example, by return on investment and economic value added. Timely and accurate funding data will always be a priority, and managers will do whatever is necessary to provide it.

**Customer Perspective:** This perspective responds to a question such as the following: “To achieve our vision, how should we appear to our customers?” It includes several core or generic measures of successful outcomes from the company, such as customer satisfaction and market share in targeted segments. Poor performance from this perspective is a leading indicator of future decline, even though the current financial picture may look good.

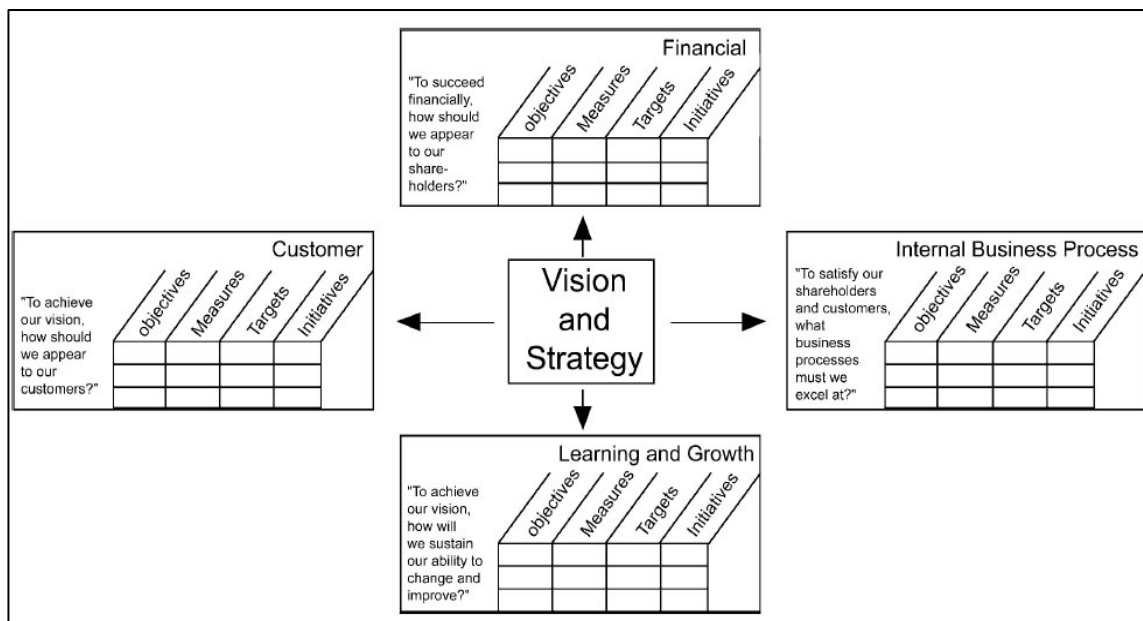
**Internal Processes:** This perspective responds to the question: “To satisfy our shareholders and customers, what business processes must we excel at”? This perspective focuses on the internal processes that will have the greatest impact on customer satisfaction and on achieving the organisation’s financial perspectives. This perspective allows the managers to know how well their business is running, and whether its products and services conform to customer requirements (the mission).

**Learning and Growth:** In this perspective, the question is: “To achieve our vision, how will we sustain our ability to change and improve?” The infrastructure the organisation has to build and manage to create long-term growth and improvements through people, systems, and organisational procedures is identified in this perspective. Metrics are designed to guide managers in focusing on training funds where they can help the most. Learning and growth constitute the essential foundation for success of any knowledge in the organisation. The scorecard translates the vision and strategy of a business unit into objectives and measures in the four different areas. A stakeholder’s management is very crucial in the achievement of organisational objectives. According to Atkinson (1997:25–27), environmental stakeholders are

customers, owners and the community, and process stakeholders, employees and suppliers. The connection between these variables is aimed at achieving sustainability.

With the inclusion of sustainability, the balanced scorecard requires entirely new data. In general, efficiency expresses a relationship between positive and negative effects of a decision. The organisations put their effort into business process with the aim of gaining financial sustainability. However, the business processes should be linked to the environment in which the organisation is operating. The environment is key for organisational sustainability, as the organisation operates in the same environment and needs to be protected.

### The four perspectives of the Balanced Scorecard



**Figure 2.5:** The four perspectives of the Balanced Scorecard

**Source:** Kaplan and Norton (1996)

The various models of a Performance Management System in the organisation discussed in this chapter play a significant role in the implementation of organisational performance. Although they all have an impact on the organisational performance, their implementation can depend on the intended outcome of the organisation. The three E's, Economy, Efficiency and Effectiveness play an interrelated role in ensuring monitoring, measuring performance, and intended service. The three provide links between inputs, outputs and outcomes, and how each of these

categories influences the other in reaching the intended goal. However, the Systems Model of Performance Management has four key elements, i.e. inputs, processes, linkages and outputs. The model emphasises the system in order to have an impact on the implementation of the organisational performance.

The European Foundation for Quality Management Excellence Model focuses on the leadership as the steering wheel of policy and strategy, resources, and human factor in the organisation. It also focuses on the organisation as a whole. The emphasis is on the different organs of the organisation that form a whole in terms of achieving organisational objectives. The synergy is very vital in the success of the implementation of a Performance Management System. The South African Excellence Model focuses on both internal and external stakeholders as pillars of success in the implementation of the organisational performance. The role of leaders, interaction with employees, customers, community, suppliers, and how the organisation utilises its resources in achieving organisational performance form a system that have an impact on the implementation of Performance Management.

The Balanced Scorecard takes into account more than just the financial aspect. It also includes the customers, internal processes, as well as learning and growth. It ensures that the organisational vision strategy is implemented. All activities should be clearly defined and aligned with the business scorecard for reporting purposes. Although these models vary according to their application, the common fact is that they all focus on the organisation as a system in the implementation of the Performance Management System.

The application of these models in the implementation of the Performance Management System cannot be isolated from the success of a Performance Management System in local government; instead, it must be recognised as needing team players to ensure the success. They play a key role in measuring different key performance areas in attaining the strategic objectives. The failure to link government key performance areas when reporting can be viewed differently by the customers. The tendency of government to report only on the successes can be viewed as an application of cosmetics with the intention to hide the reality of its failures. It is imperative for the government to not only report on successes, but also the failures and the reasoning behind the success and failures in its quest of achieving the organisational objectives.



The implementation of a Performance Management System at Amatola Water should entail creating and supporting the achievement principle, which can ensure that the effort is generated and results in performance levels are turned into real achievements. A Performance Management System is not only concerned with how the managers play their roles, but rather that the organisational objectives are shared among all people in the organisation to ensure the success of the organisational strategy. All employees should be involved from an early stage of the formulation of the organisational strategy and its implementation decisions (David, 2003:238). The purpose of the Performance Management System is to create a commonly shared environment for the divisions to know what needs to be achieved. This then provides chances for the successful implementation of the organisational strategy, which in turn talks to the success of the organisational performance.

## **2.9 CONCLUSION**

This chapter presented Performance Management in an organisation as key to the implementation of the Performance Management System. Different definitions of the Performance Management System were discussed and linked to the implementation of the organisational Performance Management System. The components of the Performance Management were presented and linked to the successful implementation of the organisational Performance Management System. Their primary roles were subsequently discussed. The chapter further presented Performance Management objectives as a contributing factor towards successful implementation of Performance Management System. The limitations of Performance Management were also discussed and attributed to the failures of the implementation process. Furthermore, the different models that have an impact on the implementation of Performance Management were also discussed. The different criteria that play a role in ensuring the success of the implementation process were also deliberated.

The different elements of success identified by different studies conducted in the implementation of Performance Management System were discussed. Most of these studies agreed that the need to understand, the need to have the relevant skills, and the involvement of all stakeholders are critical factors in the success of the implementation of a Performance Management System. The organisation must be treated as a holistic and collective system towards achieving the implementation of the organisational Performance Management System.

The objective of this chapter was to present a literature review of published research dealing with the implementation of the Performance Management System. A system as a baseline for achieving business strategy on its own cannot be effective without a guiding principle, therefore the next section will discuss the legal framework in the successful implementation of the Performance Management System at organisational level.

# **CHAPTER 3: LEGAL FRAMEWORK FOR A PERFORMANCE MANAGEMENT SYSTEM IN SOUTH AFRICA**

## **3.1 INTRODUCTION**

The development of a Performance Management System in the South African local government sphere is a highly structured process, which is determined by various policies and legislation (Quinton, 2006:8). Government, within this legal framework, provides guidelines to execute the day-to-day functions of the public sector duties to:

- Clarify definitions and standards for organisational Performance Management in support of service delivery;
- Improve integrated structures, systems, and processes required to manage the organisational Performance Management;
- Define roles and responsibilities for managing organisational performance; and
- Promote accountability and transparency by providing information to the public with regard to an accessible and accurate organisational Performance Management System.

Before 1994, the year that South Africa became a true democracy, there were many Performance Management Systems and procedures in the public service, which had detailed rules and regulations for different purposes. The former Department for Provincial and Local Government, which later changed its name to the Department for Cooperative Government and Traditional Affairs, developed a framework for managing the performance of municipalities to promote effective, efficient, and sustainable service delivery. The Performance Management System refers to a framework that explains and characterises how a municipality's cycle and processes of performance planning, monitoring, measurement, review and reporting will occur, be organised and be managed, while determining the roles of different role players (Department of Provincial and Local Government (DPLG:2001).

## **3.2 LEGAL MANDATE FOR AMATOLA WATER**

The South African Constitution (Republic of South Africa, 1996) (previously known as Act 108 of 1996), the prime law and encompassing principles of governance will be discussed first.

### 3.2.1 The Constitution of the Republic Of South Africa (1996)

The South African Constitution (Republic of South Africa, 1996) outlined community service delivery as a primary responsibility of the public sector. The focus is on public accountability and ownership with regard to public resources. In terms of Section 195 (1), the Constitution (Republic of South Africa, 1996) is linked to the concept of Performance Management and the following principles that should be promoted:

- 1) Economy, Efficient, and effective use of resources;
- 2) Accountable public administration;
- 3) Transparency in providing information; and
- 4) Responsiveness with regard to the needs of the community and facilitation of public service accountability.

Section 41 (c) of the Constitution (Republic of South Africa, 1996) promotes the principles of co-operative government and intergovernmental relations through effective, transparent, accountable, and coherent government, focusing on democratic values and principles of good governance.

### 3.2.2 The White Paper on Public Service Delivery (1997)

The White Paper on Transmission and Public Service Delivery (Batho Pele) (Republic Of South Africa, 1997) provided eight principles for good public service. The public sector is encouraged to adhere to these principles in order to enhance the public service delivery goals.

### 3.2.3 Batho-Pele Principles (1997)

- **Consultation:** The Water Boards have a responsibility to always consult the community where possible, the community should be given an option about the services provided.
- **Service standard:** High standards geared towards effective and efficient service delivery must be set.
- **Access:** There must be provision of equal access to the services rendered, with special emphasis on targeted groups.
- **Courtesy:** The public sector has a role of ensuring that the customers are entitled to be treated with courteous consideration and with the highest level of professionalism.

- **Information:** The information should be provided in an accurate and reliable manner to the community with regard to the public services they deserve.
- **Openness and transparency:** Public sector resources should be familiar to the community and they should be aware of the budget implication, together with the accounting officer, for the purpose of transparency and accountability.
- **Redress:** The promised standard of service by the public sector must be met and in a case of failure to meet the standard, the municipality has a duty to apologise with a full explanation. A positive, effective remedy response must be provided to the community when a complaint is received.
- **Value for money:** Public service is provided economically and efficiently in order to give the community the best value for money.

Whilst the local government is mandated for the distribution of potable water, the abstraction of raw water and the production of potable water are the mandate of the Water Board. The provision of water in its nature is an essential service; therefore, the principles apply to Amatola Water.

### **3.2.4 The Water Services Act 108 of 1997**

The Water Services Act 108 of 1997 (Republic of South Africa, 1997) requires that Amatola Water, as government water entity, must prepare a Water Services Development Plan for its area of jurisdiction. The Act sets out details of the minimum contents of the Water Services Development Plan, which focuses on the immediate five-year plan. In addition, the Water Services Development Plan must be updated every five years. The Water Services Development Plan is a compliance document and is essentially produced to achieve the requirements of the Department of Water Affairs. It entails the status quo of water services infrastructure, the backlogs in delivery of basic water and basic sanitation, the short-term, medium-term and long-term planning for the delivery of such services, and other infrastructure to support the development and the context within which this planning is currently governed.

#### **3.2.4.1 Policy Statement**

In terms of Section 39 of the Water Services Act 108 of 1997, Amatola Water must prepare and adopt a policy statement. The first policy statement was prepared and adopted within one year after its promulgation. The policy statement must contain information concerning Amatola Water

and all other companies, institutions or bodies in which it has an interest. These include the nature and extent of the primary and other activities to be undertaken, such as:

- Measures, activities, management of any financial risks;
- The Board's accounting and investment policies;
- Rules and procedures to be followed;
- Policy on human resources and human resource development;
- Policy on the environment, including measures to reduce water wastage;
- Performance procedures for consultation with water services institutions, consumers, users and advisory forums and improvement of those services; and
- The measures, including public awareness campaigns, to be taken to promote water conservation and water demand management.

The policy statement must be submitted to the Minister of the Department of Water Affairs and the relevant decision-makers and all water services institutions within Amatola Water's service area (Republic of South Africa, 1997).

#### **3.2.4.2 Business Plan**

In terms of Section 40 of the Water Services Act 108 of 1997, Amatola Water must prepare and adopt a business plan for the following five financial years. The business plan must at least contain information regarding activities that will be undertaken and the performance targets for each, and forecasts of capital expenditure for the primary and other activities for the next five years (Republic of South Africa, 1997). Finally, it must be submitted to the Minister (Republic Of South Africa, 1997).

#### **3.2.4.3 Different activities to be managed as separate units**

In terms of Section 42 of the Water Services Act 108 of 1997, Amatola Water must manage its primary activity and each of its other activities as separate units. Section 42 of the Water Services Act 108 of 1997 further stipulates that Amatola Water must maintain separate and itemised financial accounts for its primary activity and for each of its other activities. This is in line with Section 30, which requires that a Water Board may perform an activity other than its primary activity only if:

- 1) It is not likely to limit the Water Board's capacity to perform its primary activity;

- 2) It is not likely to be to the financial prejudice of itself, any water services institution, existing consumers, and other users serviced by it within its service area;
- 3) It is in accordance with the Board's policy statement; and
- 4) It is provided for in a business plan (Republic of South Africa, 1997).

#### **3.2.4.4 Financial matters and accounts**

In terms of Sections 43 and 57 of the Water Services Act 108 of 1997 (Republic of South Africa, 1997), the accounts of Amatola Water must be audited by an appointed chartered accountant. Amatola Water must – within four months after the end of each financial year – issue audited financial statements. The accounting policy of a Water Board must be consistent with generally accepted accounting practices. The accounting policies of Amatola Water must conform to the South African Statements of Generally Accepted Accounting Practice (GAAP) and to the reporting requirements of the Water Services Act (Republic of South Africa, 1997). The accounting practices entail the issue of an Annual Report and Financial Statements, which are tendered to the Minister of Water Affairs and are published for public review.

#### **3.2.4.5 Reporting**

Section 44 of the Water Services Act 108 of 1997 (Republic Of South Africa, 1997) stipulates that Amatola Water must – within four months after the end of each financial year – issue a report on the activities for that financial year. The report must be submitted to the Minister: Department of Water Affairs, any relevant Province and Parliament; and must be accessible to the public. The report must contain comprehensive information on the performance of Amatola Water (Republic of South Africa, 1997).

While adhering to this reporting, Public Finance Management Act (2009) have numerous requirements. Among these are that Amatola Water must maintain adequate and effective systems of internal control and risk management. Risk management is crucial to the requirements of the Public Finance Management Act, as well as good business management and good corporate governance.

#### **3.2.4.6 Investigation of affairs and financial position**

Section 45 of the Water Services Act 108 of 1997 requires a Water Board to provide to the Minister: Department of Water Affairs or any person authorised by him or her reasonable access

to such books, accounts, documents, and other assets of the Water Board as he or she may reasonably require. The Minister may appoint a person to investigate the affairs or financial position of Amatola Water. The Minister may recover the reasonable fees and disbursements of any person so appointed from Amatola Water concerned (Republic Of South Africa, 1997).

#### **3.2.4.7 Quarterly reports treasury regulations**

In terms of Treasury (2002) (Regulation 29.3), Water Boards are required to submit a quarterly report to the Department of Water Affairs. The purpose is to monitor and evaluate performance of AW as contained in the shareholder compact and effect timeous corrective action.

### **3.3 PUBLIC FINANCE MANAGEMENT ACT 1 OF 1999**

**Section 54** of the Public Finance Management Act 1 of 1999 stipulates that:

The accounting authority for AW must submit to the relevant treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require (Republic of South Africa, 1999c).

Before Amatola Water concludes any of the transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction. Amatola Water as a government water entity must therefore submit its financial statement and budget every year to the Auditor-General (Reporting by Public Entity Act 93 of 1993).

**Section 52** of the Public Finance Management Amendment Act 29 of 1999

National Treasury has an oversight over financial performance of the Water Boards. The Minister of the Department of Water Affairs has an executive authority over the Water Boards. In terms of Section 52 of the Public Finance Management Amendment Act 29 of 1999 (Republic of South Africa, 1999b), annual budgets, and corporate plans by the accounting authority for a public entity listed in Schedule 3 must be submitted to the accounting officer for a department designated by the executive authority responsible for that public entity to the relevant Treasury, at least one month, or another period agreed with the National Treasury, before the start of its financial year (Republic of South Africa, 1999b).



It further requires that the accounting authority for AW must keep full and proper records of the financial affairs; prepare financial statements for each financial year in accordance with the generally accepted accounting practice, unless the Accounting Standards Board approves the application of generally recognised accounting practice for that public entity; and must submit those financial statements within two months after the end of the financial year. Amatola Water submits a business plan, financial statements, and annual reports to Parliament every year for approval.

### **3.4 ENVIRONMENT CONSERVATION ACT 73 OF 1989**

Amatola Water embarked on using the ISO System (ISO 9001, ISO 14001 & OHSAS 18001) throughout the entire organisation. Amatola Water is accredited with ISO OHSAS 18001 to meet the requirements of the Environment Conservation Act 73 of 1989 (Republic of South Africa, 1989), and the National Environmental Management Act 107 of 1998 (Republic of South Africa, 1998a). As mentioned earlier, Amatola Water's mandate is to provide bulk potable water to the local districts. The Water Board collects water from the rivers for purification. Therefore, in order to comply with demanded and required water quality, it must comply with set standards and regulations for the water treatment process. Failure to comply with regulations may lead to heavy penalties being imposed on Amatola Water (Republic of South Africa, 1989).

### **3.5 THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 32 OF 2000**

The Act is applicable to the government water entity as a legal instrument requires for::

- Developing a Performance Management System;
- Setting targets, monitor, and review performance based on indicators linked to the Business Plan;
- Publish an Annual Report on organisational performance,
- Conduct an internal audit of organisational performance; and
- Have their annual performance report audited by the Auditor-General.

The Amatola Water has a responsibility to always consult the community and customers on the level, quality and choices of the services it offers and where possible, community should be

given an option about the services provided. There must be a set of high standards geared towards effective and efficient service delivery. There must be provision for equal access to the services rendered, with special emphasis on targeted groups. It has a role of ensuring that customers are entitled to be treated courteously, with consideration and with the highest level of professionalism. The Amatola Water must provide information in an accurate and reliable manner to the community with regard to public services they deserve. The promised standard of service by the public sector must be met and in a case of failure to meet the standard, the municipality has a duty to apologise with a full explanation. A positive effective remedy must be provided in response to the community when a complaint is received.

### **3.6 CONCLUSION**

This chapter focused on the South African legislative and regulatory framework for the Performance Management System that provides guidance in the organisational Performance Management System at Amatola Water. The development of a Performance Management System in the South African public sector as a legislated process with regard to the legislation and applicable regulations was discussed. The aim was to ensure that a government tool within the legal framework has been provided to perform and measure the daily activities of the public sector and has performance standards for organisational Performance Management in support of service delivery. The legal environmental overview and its structure applicable to the implementation of the Performance Management System Policy Framework were discussed for the purpose of understanding the implementation of the Performance Management System at the Amatola Water. The implementation aspects mentioned in this section justify the complexity of the successful process in the implementation of organisational Performance Management System. The required constitutional mandate provides guidelines to the activities aligned with the implementation of organisational performance management system.

It was shown that the South African Constitution (Republic of South Africa, 1996) outlines community service delivery as a primary responsibility of the public sector. In terms of Section 195 (1), the Constitution (Republic of South Africa, 1996) is linked to the concept of the Performance Management System. In addition, the White Paper on Transmission and Public Service Delivery (Batho Pele) (Republic of South Africa, 1997) was considered and revealed eight principles for good public service to adhere to the principles that were developed in order enhance the public service delivery goals.

The Water Services Act 108 of 1997 (Republic of South Africa, 1997) in turn was shown to require Amatola Water to prepare a Water Services Development Plan for its area of jurisdiction and prepare and adopt a policy statement. Closely linked to this is the notion that Amatola Water must prepare and adopt a business plan relating to the next five financial years. The business plan must at least contain information regarding activity to be undertaken and the performance targets for each; forecast capital expenditure for the primary and other activities for the next five years; and be submitted to the Minister.

Furthermore, this chapter discussed that the accounts of Amatola Water must be audited by an appointed chartered accountant. In accordance with this, Amatola Water must – within four months after the end of each financial year – issue audited financial statements and it must – within four months after the end of each financial year – issue a report on the activities for that financial year. The report must be accompanied by the audited financial statements for that financial year; be submitted to the Minister, any relevant Province and Parliament; and must be accessible to the public. The report must contain comprehensive information on the performance of Amatola Water (Republic of South Africa, 1997). Amatola Water is required to submit a quarterly report to the Department of Water Affairs. The purpose of this report is to monitor and evaluate performance of Amatola Water as contained in the shareholder compact and effect timeous corrective action.

Before Amatola Water concludes any of its transactions, the accounting authority for the public entity must promptly and in writing inform the relevant Treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction, as outlined in this chapter. Amatola Water as a public entity must submit each year its financial statement and budget to the Auditor-General, as shown earlier. The annual budgets and corporate plans by the accounting authority for a public entity must be submitted to the accounting officer for a department designated by the executive authority responsible for that public entity to the relevant Treasury, at least one month, or another period agreed with the National Treasury, before the start of its financial year. It further requires that the accounting authority for Amatola Water must keep full and proper records of the financial affairs and prepare financial statements for each financial year in accordance with the generally accepted accounting practice.

In terms of South African policies and legislation that provide implementation guidelines for the implementation of Performance Management Systems, AW has adopted the policy for the Performance Management System guided by the Water Services Act 108 of 1997 (Republic Of South Africa, 1997). The next section will discuss the implementation of a policy framework as a guide in the implementation of organisational performance management at Amatola Water.

# **CHAPTER 4: A CASE STUDY – IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM POLICY AT AMATOLA WATER**

## **4.1 BACKGROUND**

In terms of South African policies and legislation that provide implementation guidelines for the implementation of Performance Management Systems, Amatola Water has adopted the policy for a Performance Management System (Appendix 1: Performance Management Policy and Guidelines) guided by The Water Services Act 108 of 1997 (Republic Of South Africa, 1997).

The Amatola Water performance policy provides guidelines to the managers for the implementation of a Performance Management Framework. The policy goals and objectives will be presented and discussed in order to draw a sound link to the systems framework that guides the implementation of the Performance Management System. As the policy covers the implementation of the individual Performance Management System and much less the organisational Performance Management System, Amatola Water has introduced a score card as a monitoring evaluation system to measures the implementation of organisational Performance Management System. Divisional business plans are assessed quarterly by the Management Committee and senior managers.

The divisional scorecards are used to present progress reports to the Executive Board concerning the implementation of the corporate scorecard. Furthermore, the divisional performances are critical in the implementation of the organisational Performance Management System, because the focus is on the scorecard as an implementation process for the total organisational Performance Management System as per the Amatola Water Annual Reports for 2010/11, 2012/13, and 2013/14.

The policy framework overview and its structure, applicable to the implementation of the Performance Management System Policy Framework, are discussed in-depth as providing a guiding principle in the implementation of the Performance Management System at the Amatola Water. Policies and systems presented in this overview will be discussed below.

In order to be able to provide structured implementation of the Performance Management System, a common culture should be created so that vision, mission and values can be upheld to always provide guidelines on each individual and team, and how they conduct their tasks. Amatola Water's vision, mission and values are reviewed annually to ensure alignment to its mandate and shareholders' strategic intent.

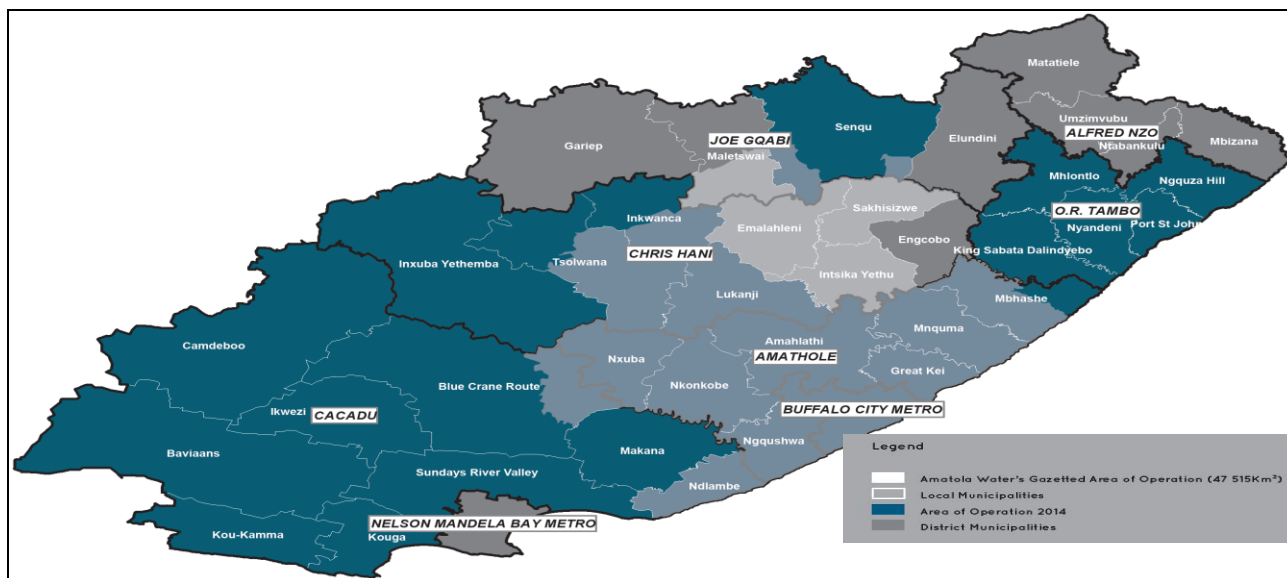
## **4.2 VALUES**

Amatola Water's vision is as follows: "Amatola Water is inspired by an unwavering commitment to empower our stakeholders through the consistent demonstration of: (i) responsibility, (ii) excellence, (iii) integrity, and (iv) accountability."

Amatola Water recognises the importance of its core values in the implementation of its mission to ensure the realisation of its vision. Basing every decision and action on these values is deemed vital to Amatola Water's overall success, growth, and financial strength, now and in the future (Amatola Water Business Plan, 2014–2018).

## **4.3 SERVICE AREA**

Amatola Water's gazetted service area includes most of the Amathole and Chris Hani District Municipalities, the Ndlambe Municipality, and smaller portions of the Cacadu and Joe Gqabi District Municipalities (see map below). Amatola Water's gazetted area incorporates 47 515km<sup>2</sup> of the Eastern Cape Province.



**Figure 4.1:** Amatola Water's map detailing current service area

**Source:** Amatola Water Annual Report 2010/11

## The Amatola Water Treatment Plant



**Figure 4.2: Water Services Provision: Treatment of Water Plant**

**Source:** Amatola Water Annual Report 2010

## 4.4 MANAGEMENT AND ORGANISATION

### 4.4.1 Organisational structure

Amatola Water is governed by the Executive Board of 13 members, led by a chairperson with the Chief Executive included on as an ex officio member. The Board consists of representatives

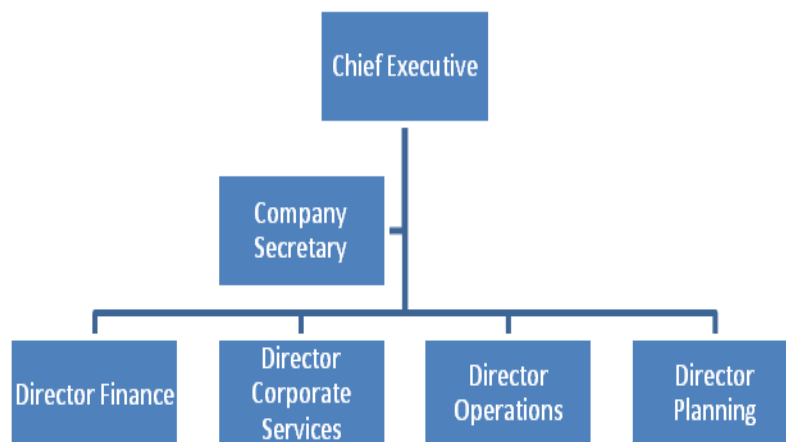
from various stakeholder organisations appointed by the Minister of Water Affairs for a four-year term of office and serve as non-executive members.

#### 4.4.2 Management Committee

The management committee comprises the Chief Executive, four Divisional Directors, and the Company Secretary. The major responsibilities of management are the development and implementation of policies, procedures, and daily operations of the organisation to ensure that relevant legislation and regulations are adhered to, and that adequate internal controls are developed, implemented and maintained. The main activities of the divisions are the following:

- Finance Division;
- Corporate Services Division;
- Operations Division; and
- Planning and Development Division. (Amatola Water Business Plan, 2014–2018)

#### AW Management Committee Finance



**Figure 4.3:** Management Committee

**Source:** Amatola Water Business Plan 2014–2018

#### 4.4.3 Organisational Performance Strategy Framework

Organisational performance and excellence are explicitly targeted via formal Performance Management interventions. Organisational strategic objectives are realised through the implementation of a corporate balanced scorecard, which is cascaded throughout the whole organisation via corporate initiatives and divisional business plans to define and periodically



evaluate the attainment of organisational objectives. According to Niven (cited in Jantjies, 2008:37), cascading the balanced scorecard referred to the development of scorecards into divisional plans by ensuring that the strategic objectives are aligned with the day-to-day activities. As a non-profit organ of state, Amatola Water is using balanced scorecard quadrants as part of its strategic objectives, which are underpinned by specific goals, defined key activities, and targets (Amatola Water Business Plan 2014-2018).

#### **4.4.3.1 Financials**

The aim is to increase the financial turnover and improve the sustainability of the organisation. This will be achieved through growth in the primary business while maintaining secondary business services at the current levels.

#### **4.4.3.2 Customer**

The goal is to increase the client base of the organisation and derive at penetration of services with clients. This will be achieved through the provision of legally compliant, efficient and effective service delivery.

#### **4.4.3.3 Internal Processes**

Focus will be placed on ensuring water resource adequacy, improving infrastructure stability, reinforcing operational resilience, and enhancing operational optimisation.

#### **4.4.3.4 Learning and growth**

The organisation will focus on organisational sustainability with a strong emphasis on capacity development.

#### **4.4.3.5 Strategic Objectives and Performance Tools**

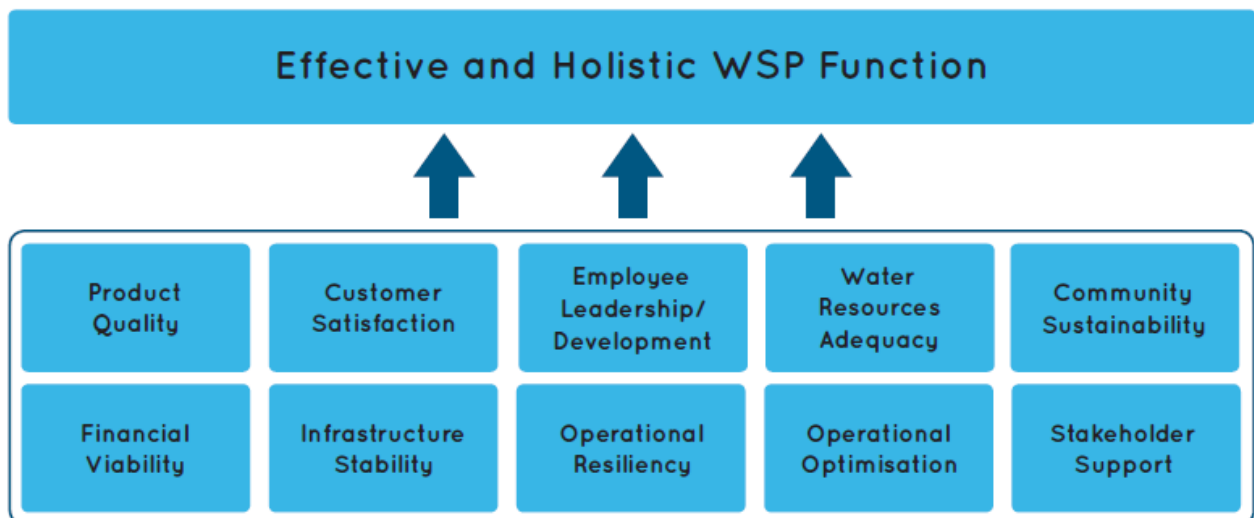
As part of giving appropriate structure to its strategy and performance monitoring, Amatola Water has also adopted the Ten Areas for Successful Water Utility Service Provision (Amatola Water Business Plan, 2014–2018). These ten areas fit within the four balanced scorecard quadrants and help ensure Amatola Water to focus on all the relevant areas to be a successful water utility. Thus, objectives, measures and targets must be set in each of these areas, as all jobs have some impact on all these ten areas below: (See Figure 4.4)

- 1) *Water and wastewater quality: This is achieved when Amatola Water produces bulk potable water and wastewater in compliance with statutory requirements and consistent with customer needs at both Amatola Water-owned and Right of Use plants.*
- 2) *Customer satisfaction: This is the degree to which Amatola Water provides reliable, responsive, and affordable products and services, which meet or surpass customer expectations, to the Water Services Authority customers. Timely feedback to customer-agreed service levels to maintain responsiveness to customers' needs and to delight these customers.*
- 3) *Stakeholder relationships and support: As an organ of state, Amatola Water has a variety of different stakeholders, most notably the Department of Water Affairs. This outcome includes managing and building relationships with the various stakeholder groups by aligning initiatives with supporting key stakeholder programmes, informed by the inter-governmental framework, and influencing these stakeholders to reach common understanding of Amatola Water's role and catalytic initiatives within the sector.*
- 4) *Infrastructure stability: This is achieved when Amatola Water's infrastructure is consistent with customer service levels, and consistent with anticipated growth and system reliability goals.*
- 5) *Financial viability: This is achieved when Amatola Water manages operating expenditures and increasing revenues in a manner that strengthens the balance sheet in a sustainable manner. In addition, the organisation aims for a sustainable tariff that is consistent with customer expectations, recovers costs, and provides for future expansion.*
- 6) *Water Resource adequacy: This is achieved when Amatola Water assesses the scarcity of freshwater resources, investigates sustainable alternatives, manages water abstractions assiduously, and has access to stable raw water resources to meet current and future customer needs.*
- 7) *Community/Environmental Sustainability is achieved when Amatola Water is explicitly cognisant of and attentive to the impact it has on current and future community sustainability, supports socio-economic development and manages its operations, infrastructure and investments to protect, restore and enhance the natural environment, whilst using energy and other natural resources efficiently.*
- 8) *Leadership and employee development is achieved when Amatola Water is dedicated to continual learning and improvements, recruits and retains a workforce that is competent, motivated and adaptive, and works safely, ensures institutional knowledge is retained and*

*improved, provides opportunities for professional and leadership development, and is led by an integrated senior leadership team.*

- 9) *Operational resiliency is achieved when Amatola Water proactively and effectively manages business risks across all areas of the organisation in a manner that ensures sustainability of the organisation even in times of challenges and difficulties.*
- 10) *Operational optimisation is achieved when Amatola Water has ongoing, timely, cost-effective, reliable and sustainable performance improvements in all facets of its operations, has a culture of accountability, and every employee and department strive to improve systems and processes (Amatola Water Business Plan, 2014–2018).*

#### **Amatola Water Service Plan**



**Figure 4.4: Ten Areas for Successful Water Utility Service Provision**

**Source:** Amatola Water Business Plan, 2014–2018.

#### **4.5 AMATOLA WATER PERFORMANCE MANAGEMENT POLICY**

Since 2005, the implementation of the Performance Management process remained the primary framework for performance assessment of Amatola Water staff, with individual performance contracts aligned with the corporate scorecard to ensure operationalisation of organisational strategies (Amatola Water, 2005). It should be noted that although Amatola Water has adopted the scorecard as a barometer for its organisational Performance Management System, nothing

is covered in the Performance Management Policy with regard to the process to follow when implementing the scorecard.

The Amatola Water Performance Management Policy (Amatola Water, 2005) provides guidelines on the implementation process. The following are core guiding principles for the implementation of the Performance Management Policy:

- View Performance Management as a valuable tool, not as an evil.
- Accept the Performance Management process as essential to its success.
- Measure what is important, not what is easy to measure.
- Develop organisational performance objectives/goals to keep the process credible.
- Develop reliable reporting multiple measures.
- Create an organisational perspective on the organisational importance which is based on transparency and common understanding.
- Let management demonstrate that performance is critical to organisational.
- Reward good performance. (Amatola Water, 2005)

#### **4.5.1 Monitoring and evaluation process**

Although the policy covers individual performance, Amatola Water has introduced a comprehensive monitoring evaluation system as part of the measures for the implementation of the Performance Management System led by the Board and implemented by the Office of the Chief Executive (Amatola Water Business Plan, 2014–2018). Furthermore, divisional Business Plans are assessed quarterly by the Management Committee and senior managers. Each division presents their performance against predetermined objectives along with the necessary evidence of such performance. This performance is rated by the Management Committee and feedback is provided for further improvement of performance.

Standard mechanisms such as quarterly reporting against the corporate scorecard to the Executive Board and the divisional Amatola Water quarterly reporting structure are also continually undertaken. Performance is reviewed on a quarterly basis to ensure progress is monitored, challenges are identified, and appropriate solutions are developed. Divisions are encouraged not only to report to top management, but to lower levels as well, as part of demonstrating how the strategy has been cascaded to all of their levels.

As appropriate, members of the Board and external parties are invited to assist in performance reviews and ratings. This enables divisions to obtain objective reviews of progress in contributing towards the achievement of the organisation's corporate scorecard. The divisional scorecards are used to present progress reports to the Board concerning the implementation of the corporate scorecard. The divisional performances are critical in the implementation of Performance Management, because the focus is on the scorecard as an implementation process for the organisational Performance Management System as per the Amatola Water Annual Reports (2010/11, 2012/13, 2013/14).

The Amatola Water policy on performance management has indicated limited information in terms of the adopted balanced scorecard by Amatola Water, whereas it is regarded as one of the cornerstones for performance assessment. In the policy, it is only expressed as driving force to ensure the successful implementation process. The actual process or role it plays in ensuring the successful implementation of the Performance Management System is not explicit and therefore becomes a concern.

### Amatola Water Strategy Formulation, Implementation and Monitoring Cycle



**Figure 4.5:** Amatola Water standard strategy formulation, implementation and monitoring cycle  
**Source:** Amatola Water Business Plan, 2014–2015.

The strategy formulation, implementation and monitoring cycle as displayed above depicts a process followed in terms of achieving organisational objectives. The following list outlines the process and its objectives:

- The process starts by analysing the environment in which AW operates. The SWOT analysis is done to identify opportunities and threats in the implementation of the strategy.
- Once the environment has been analysed, the vision, mission and the strategic intent are developed by considering short-term and long-term goals.
- The short-term goals are translated into objectives and aligned with the budget to form the organisational scorecard.
- Divisional plans are developed in line with performance agreements to identify critical areas for the scorecard.
- The business plan is developed based on the divisional plans.
- Resources are aligned with agreed key performance indicators to ensure the successful implementation of the business plan.
- Systems are developed to ensure the achievement of the organisational strategy.
- Performance is monitored to manage the achievement of the business strategy.
- Divisional quarterly reports are submitted to review performance.
- Reports are submitted to the Department of Water Affairs for approval.

The process described here is designed to monitor, review and evaluate the success in the implementation of the organisational Performance Management System.

## **4.6 CONCLUSION**

The implementation of the Performance Management System is a legal document to the public sector. This chapter has indicated that limited information is available in terms of the adopted balanced scorecard by Amatola Water, although it is regarded as one of the cornerstones for performance assessment and the policy was since updated in 2005.

This chapter focused on the introduction and the background to the implementation of the Performance Management System and shows that the implementation process requires exploring the policy framework that is involved in the implementation process. The importance and the application of the legal framework were discussed. Therefore, this chapter provided a background to the implementation process of the Performance Management policy as a legal framework at Amatola Water.

Although the policy covers individual performance and organisational performance, Amatola Water has introduced a comprehensive monitoring evaluation system as part of the measures for the implementation of the Performance Management System led by the Board and implemented by the Office of the Chief Executive. Divisional Business Plans are assessed quarterly by the Management Committee and senior managers. Each division presents their performance against predetermined objectives along with the necessary evidence of such performance. This performance is rated by the Management Committee and feedback given for further improvement of performance.

Standard mechanisms such as quarterly reporting about the corporate scorecard to the Executive Board and divisional Amatola Water quarterly reporting structure were also shown to be undertaken continually. Performance is reviewed on a quarterly basis to ensure progress is monitored, challenges are identified, and appropriate solutions are developed. Divisions are encouraged not only to report to top management, but to lower levels as well, as part of demonstrating how the strategy has been cascaded to all of their levels.

As appropriate, members of the Executive Board and external parties are invited to assist in performance reviews and ratings. This enables divisions to obtain objective reviews of progress in contributing towards the achievement of the organisation's corporate scorecard. The divisional scorecards are used to present progress reports to the Board concerning the implementation of the corporate scorecard.

The Amatola Water performance management policy has indicated limited information in terms of the adopted balanced scorecard by Amatola Water, although it is regarded as one of the cornerstones for performance assessment. In the policy, it is only expressed as driving force to ensure the successful implementation process. The actual process or role it plays in ensuring the successful implementation of the Performance Management System is not explicit and therefore becomes a concern. It remains to garner the employees' perspectives about the implementation of the Performance Management System to establish whether it is in line with the legal background discussed in this chapter.

The following chapter will provide a thorough discussion on the research methodology, which will assist in the understanding of areas relative to the challenges and experiences during the implementation of organisational Performance Management System framework.



# **CHAPTER 5: DATA COLLECTION AND PRESENTATION OF RESULTS**

## **5.1 INTRODUCTION**

As discussed in Chapters 3 and 4, the theoretical proposition and the policy governing the legal framework were explicitly aimed at the implementation of the organisational Performance Management System at Amatola Water. The primary objective was to present the theoretical and legal foundation of this study and link it to the Amatola Water performance management legal framework. According to Remenyi (1996:25), the process of data collection and population selection in relation to the research problem and set objectives is discussed by means of the themes and subthemes adopted in order to demonstrate the realisation of the goal and the objectives. According to Remenyi (1996), the purpose of the research study is central in that its objectives must always contribute significantly to the body of accrued knowledge.

This chapter in turn will discuss the research design and methodology and will present the research questions in relation to how the data was collected, in relation to the area of study, and in relation to the population that was selected for the study. This chapter will further describe in detail how the research study was undertaken and present the results based on the research design during the research process. In addition, it will consider the research instruments and clearly define the methodology used so that the “results are convincing or at least credible”. The objective of this chapter is to provide the knowledge on the legal framework by the participants in the implementation of organisational Performance Management system in Amatola Water.

## **5.2 RESEARCH DESIGN**

Babbie and Mouton (2003:647) believed that a well-thought out plan of how to structure and strategise the investigation to obtain or solve the research questions or problems could be considered the research design. According to Parahoo (1997:142), the how, when and where to collect data and analyse it, is called research design. According to Burns and Grove (2003:195), a “blueprint” for carrying out factually valid research is called a research design. Research design is also the method used to answer research questions (Pollit et al., 2001:167).

Research is a logical process for getting from where you are to where you intend to end. Babbie and Mouton (2003) and Yin (2003:22) stated that research design is the “blueprint” in detailing four areas: (a) the research question of the study, (b) the data deemed relevant, (c) the data to collect, and (d) the analysis of the data. They further argued that there is logic to the process of research (Babbie & Mouton, 2003). According to Babbie and Mouton (2003:74–75), research design is a research study planned and based on the type of the results it intends to achieve. Therefore, the current study was purposive and qualitative in nature with the aim of connecting the conceptual research problems to the relevant empirical research.

The researcher’s responsibility is to allow the study to establish a substantial narrative description of the group behaviours in the group’s natural environment and does not manipulate the study and take into account the collected views of the participants, as the rationale is generally the aim for objectivity. The objective is to acquire logical reasoning or evidence on past experience in order to: (a) go beyond simply reporting observations; (b) promote an environment for improved understanding; (c) combine extensive research with a detailed case study; and (d) prove relevancy of theory by working in a real practical world in Amatola Water.

For this study, the above objectives were more appropriate for the researcher as he wanted to: (i) become more familiar with the observable fact of interest; (ii) achieve a profound understanding of how people are reasoning about a topic; (iii) describe in great detail the perspective of the research participants; (iv) use qualitative techniques to make this study qualitative in nature; and (v) provide a process implementation assessment of the adopted performance management processes in Amatola Water Board.

### **5.3 RESEARCH METHODOLOGY**

The research method is a strategy of enquiry, which moves from the underlying assumptions to the research design and data collection. The method and data need to be the most effective tools in producing the answers to the stated research problem. As much of these tools are most critical in the research, different designs are used for different types of the study. According to Remenyi (1996:26), the three major philosophical questions that are fundamental in addressing any research as follows:

1. Why research? The purpose of the research study.
2. What to research? The research problem.
3. How to research? The method of study.

The selection of an appropriate research method is critical to the success of any research project, and must be driven by the research question and the state of knowledge in the area being studied. In general, a combination of research methods may be most effective in achieving a particular research objective. For example, when a subject area is not well understood, qualitative methods may be used to build theory and testable hypotheses.

The “why” and “what” part were discussed in chapter 1. The “how” part forms part of this chapter, which provides a detailed analysis of tools used in the current study (Remenyi 1996:26).

According to Parahoo (1997:232), purposive sampling can be described as a method of sampling where the researcher purposely chooses the participants in the study based on their ability to provide the necessary data. Purposive sampling was therefore used in this study. It was purposive and qualitative in nature, with the aim of focusing on a particular group among the entire population of managers in the organisation, because of the expertise and experience they have in the implementation of the organisational Performance Management System legal framework. One of the advantages of using purposive sampling is to sample from a population with a particular mindset, because this is where critical knowledge lies. The researcher collects data in a non-interfering manner, by attempting to study real-world situations as they unfold naturally without predetermined constraints or conditions that control the study or its outcomes.

This study is subsequently descriptive in nature, using non-empirical data from existing strategic and operational documents from the case study organisation, as well as empirical data obtained through one to one interviews with a sample of purposively selected respondents from the Amatola Water Executive Managers and a questionnaire was sent to middle and lower managers “employees” of the Water Board.

## **5.4 RESEARCH ETHICS**

In adherence to best practice and the ethical research requirements of Stellenbosch University formal clearance request for permission to conduct the study was lodged with the University and Amatola Water, where the study would, and eventually did, take place. The permission was granted from the Departmental Ethical Clearance Committee of the School of Public Leadership of Stellenbosch University and was obtained on 9 May 2011. Permission was also obtained from the Amatola Water Chief Executive Officer on 1 July 2014.

Once the permission was granted, administration of the questionnaires was completed and interviews with the research participants were conducted in the English language. Participants were assured of the confidentiality of their responses both verbally and in writing. The scored responses were analysed in line with the research objectives.

## **5.5 DESCRIPTION OF THE POPULATION AND SAMPLING**

According to Parahoo (1997:218), population is a total number of units (such as individuals, artefacts, events or organisations) from which data can be collected. Burns and Grove (2003:213), stated that population refers to all the features that meet the criteria for inclusion in a study. Busha and Harter (1982:56) adds to these views by conveying the idea that a population is any set of people or subjects that have at least one common characteristic.

The workforce population distribution below is based on the Amatola Water statistical analysis per occupational category. The analysis focuses on the top management, senior management, professionally qualified, and skilled levels. Amatola Water staff at the end of July 2014 consisted of a total of 347 (203 primary business and 144 secondary business) full-time employees.

### **Amatola Water Occupational Levels 31 July 2014**

Top Management	1
Senior Management	3
Professionals	26
Skilled	131
Semi-skilled workers	186
<b>Total Permanent</b>	<b>347</b>

**Table 5.1:** Amatola Water Employees

**Source:** Amatola Water Monthly Report, July 2014

Examining the implementation of Performance Management System in relation to these occupational levels is imperative to ensure that the respondents are provided with the opportunity to express their perceptions in the study. Therefore, this study is based on the qualitative research approach as explained in the following sections.

Initially, the target population was 127 respondents which included top management, senior management, professionals, skilled and semi-skilled as depicted in Table 5.1. However, after a proper analysis and discussion to ensure that the participants have the relevant and knowledge about the implementation of Performance Management system, the target was at least reduced to a population of 70 only 60 respondents (interviews and questionnaires) were returned and analysed (85%), this was sufficient to reach a reliable and meaningful representation of the population. In most cases where sampling is done, there will be a difference between the sample statistics and the true population mean, which is attributed to the selection of the units. The bigger the sample is in size, the better are the chances of accurately estimating the true population mean. It should also be noted that the greater the difference in the variable under study in a population for a given sample size, the greater the difference will be between the sample statistics and the true population mean.

The Likert scale was used to record and analyse the data in the simplest way. The researcher chose it to score individual perception of the implementation of the organisational Performance Management System policy framework. The Likert scale included the following possible responses: (i) strongly agree, (ii) agree, (iii) I do not know, and (iv) disagree, (v) strongly disagree.

When the population was selected, the researcher tried to achieve the maximum accuracy in the estimates within a given size. The targeted population in the study was the employees of Amatola Water. Because of the nature of the study, which required practical and theoretical knowledge and experience in the implementation of the Performance Management System Legal Framework, the researcher chose to select and study only all managers at Amatola Water. All features that are requisite for membership to the population, Burns and Grove (2003) described as eligibility criteria.

The criterion for the inclusion in the population of this study was management (1 Chief Executive Officer – level 1, 6 senior managers – level 2, – (who both forms part of executive managers) 36 professionals and 27 skilled managers – level 3, – (who both forms part of employees)). As such, all three levels of management form part of the research population. These employees have a common characteristic in that they are all involved in and responsible for the implementation of the Performance Management System at Amatola Water.

## **5.6 PRESENTATION OF DATA**

Based on the above discussions, it must be noted that this research was conducted using the descriptive analysis method due to its specific characteristics. During document analysis, raw data from sets of documents were analysed in the workplace by collecting and analysing official documents such as the business plan, the performance agreement, internal organisational annual reports, memos, policies, and literature on the implementation of the organisational Performance Management System policy framework. The method forms part of content analysis from the data gathered from the interviews and other documents. The researcher created a conducive environment for the participants to participate and respond freely and openly on issues pertaining to the implementation of the Performance Management System policy framework.

The responses received from the executive managers, who were interviewed and the employees, who were sent questionnaire were integrated in the research findings in chapter 6 of this study. According to Boyatzis (1998:31), working directly from the raw information enhances the appreciation of the information, and, in addition, eliminating intermediaries as potentially a contaminating factor. With a complete view of the information available, the researcher can

appreciate the gross (i.e. evident) and intricate (i.e. difficult to discern) aspects of information previously obtained and recognised. Boyatzis (1998) went on and stated that a good thematic code is one that captures the qualitative richness of the phenomenon. The researcher developed themes and codes to simplify the raw data into different categories.

## **5.7 INTERVIEWS**

A personal interview is the most commonly used method in collecting data in public administration research (McNabb 2004:294). It involves conducting individual conversations between a researcher and the respondent through a number of questions. This was done through preparing questions in a logical format that makes it is easier for the executive managers to come up with answers. The aim is to get executive managers perception on a specific topic under study.

Acquiring the necessary information from the study, both (executive managers and employees) required understanding and trust between them and researcher. Firstly, an approval was granted by the Chief Executive Officer and, secondly, both groups were sensitised about the study during the policy review session. This was done in order to provide essential details, explain the intention of the study and to ensure the confidentiality of the information required for the study.

According to Babbie and Mouton (2006:289), the qualitative interviewing method is an interface between a researcher and a respondent in which the researcher has a specific plan of enquiry. Furthermore, although there is a specific set of questions to be asked in particular words, they are not necessarily in a particular order. However, a structured interview has the advantage that it has a set of predetermined questions that are short and clearly worded. It is easy to conduct and can easily be standardised, as the same questions are posed to all executive managers. One-to-one interviews were conducted with 6 the executive management of Amatola Water, the Chief Executive Officer, two senior managers, one manager to the office of the Chief Executive Office, and one Company Secretary to the Board.

During the interviews, 32 structured questions that were divided into three sections were developed and posed as follows:

- Section one focused on the biographical information;
- Section two focused on the implementation of the Performance Management System Legal Framework; and
- Section three consisted of open-ended questions focusing on the challenges of the implementation of the Performance Management System Legal Framework.

Appointments with the Amatola Water executive were arranged and the type of data collected was discussed. They were not comfortable with tape recording and the consensus was reached to use written notes.

#### **Amatola Water Employees Interviews Conducted per Occupational Levels**

Chief Executive Officer	1 (20%)
Executive directors	2 (40%)
Manager in Chief Executive Office	1 (20%)
Company Secretary	1 (20%)
<b>Total</b>	<b>5 (100%)</b>

**Table 5.2:** Interviews – Management

**Source:** Author (2014)

All these interviews were conducted to get an understanding of the implementation of the organisational Performance Management System's policy framework at Amatola Water.

The next two sections present the data from section 2 of the questionnaire as obtained from the executive managers during the face to face interviews and the questionnaires administered to the employees. While the same questionnaire was used as a basis for both the interviews and the survey, presenting the data separately allows the researcher to compare the perspective of the executive managers to that of the more operational employees.

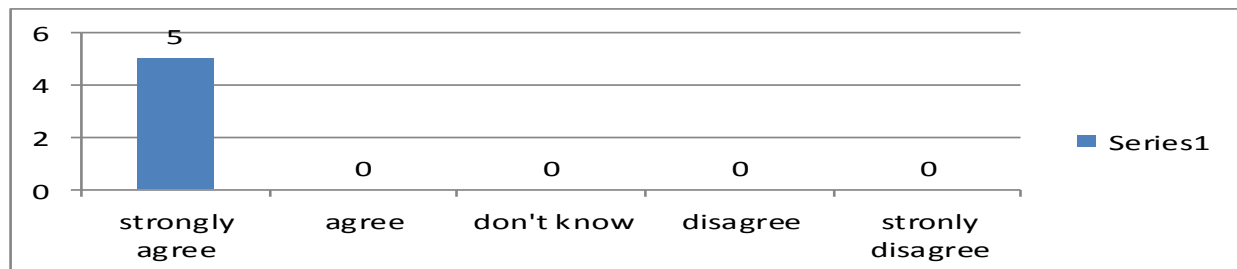
#### **5.7.1 INFORMATION FROM THE EXECUTIVE MANAGER INTERVIEWS**

The purpose of statement 1 was to understand whether the employees understand their role in the implementation of the Performance Management System, which is important in the context of the study because their involvement is critical in the implementation process. Of the five executive managers interviewed, all five respondents strongly agreed that employees



understood their role in the implementation of the Performance Management System. The responses to the question indicate the extent to which executive manager's perceive their role in the implementation of the Performance Management System.

## EXECUTIVE MANAGERS ON THE IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM

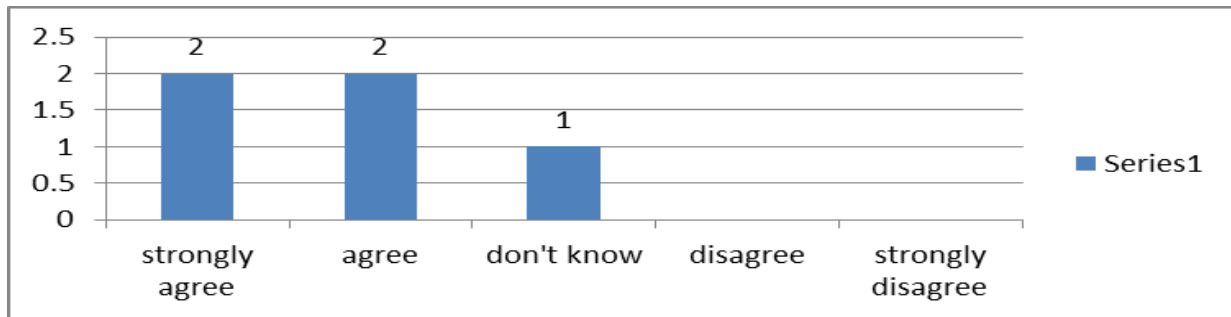


**Figure 5.1:** Executive Managers feedback on research questionnaire “statement 1”: Employees on the Implementation of the Performance Management System.

**Source:** Author (2014).

## THE INSTITUTIONAL AND POLICY FRAMEWORK

The purpose of statement 2 is to gather whether the perceptions of executive managers institutional policy framework in the implementation of the organisational Performance Management System, which is important in the context of the study because it provides guidance in the implementation process. Of the five managers interviewed, four respondents agreed or strongly agreed that employees understood the institutional policy framework in the implementation of the Performance Management System whilst 1 of 5 managers indicated that they did not know the institutional policy framework. The responses to the question indicate disparity to the extent to which managers understand the institutional policy framework in the implementation of the Performance Management System.

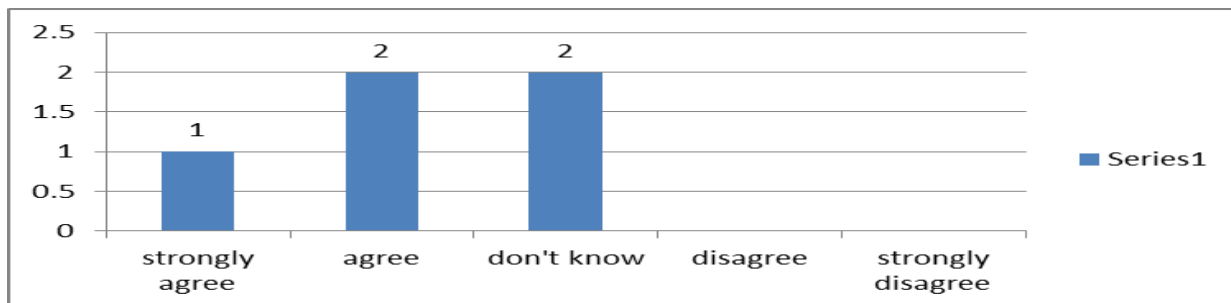


**Figure 5.2:** Executive Managers feedback on research questionnaire “statement 2”: Institutional and Policy Framework

**Source:** Author (2014)

### PERCEPTIONS OF EXECUTIVE MANAGERS ON THE IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEM LEGAL FRAMEWORK AT AW

The purpose of statement 3 is to understand the managers perceptions of the Performance Management System Legal Framework in the implementation process, which is important in the context of the study because their perceptions will provide insight into the implementation process. From the five interviews conducted, three showed that managers agreed or strongly agreed and therefore understood the Performance Management System Legal Framework in the implementation process of the Performance Management System, with 2 of 5 managers indicating that they did not know the legal framework in the implementation process. The responses to the question indicate disparity to the extent to which managers understand the legal framework in the implementation of the Performance Management System.

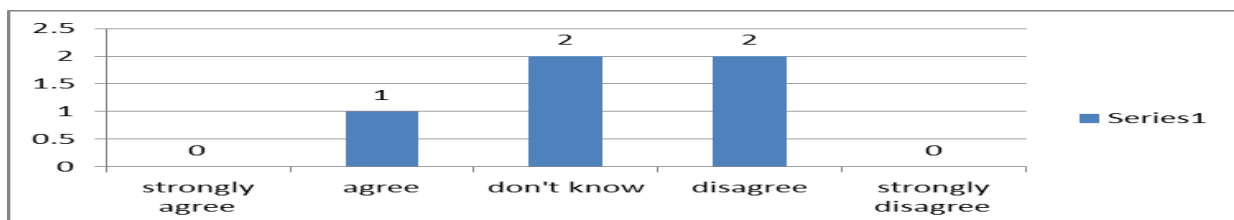


**Figure 5.3:** Executive Managers feedback on research questionnaire “statement 3”: Perceptions of employees in the implementation of the Performance Management System Framework at Amatola Water.

**Source:** Author (2014)

## PERCEPTIONS OF EXECUTIVE MANAGERS IN UNDERSTANDING THEIR PURPOSE AND ROLE IN THE IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM

The purpose of statement 4 is to understand whether the managers understand the purpose and their role in the implementation of the Performance Management System, which are important in the context of the study because their purpose and role suggest their involvement, which is critical in the implementation process. Of the five managers interviewed, one of five managers agreed that they understood their purpose and role in the implementation of the Performance Management System, with almost the same number (2 of 5 managers) indicating that they did not know if they understood the purpose and their role and 3 of 5 managers indicated that they disagree. The responses to the question indicate disproportion to the extent to which managers disagree that they understand their role in the implementation of the Performance Management System.



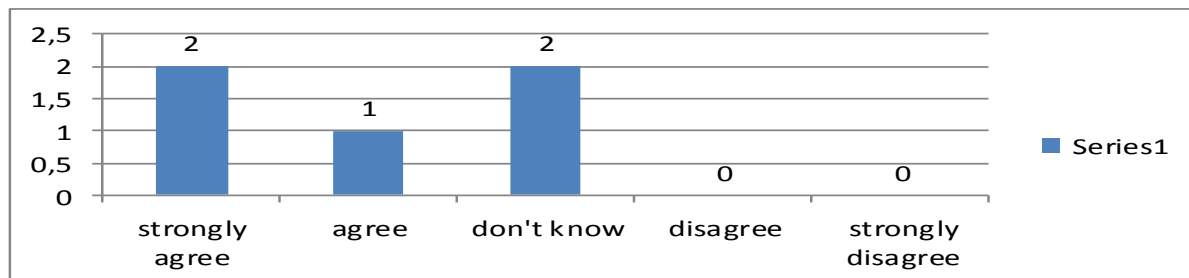
**Figure 5.4:** Executive Managers feedback on research questionnaire “statement 4”: Employees understand the purpose and their role in the implementation of the Performance Management System

**Source:** Author (2014)

## LIMITATION OF THE PERFORMANCE MANAGEMENT SYSTEM IMPLEMENTATION

The purpose of statement 5 is to gather whether the managers understand the limitations in the implementation of the Performance Management System, which is important in the context of the study because they provide an insight into do's and don'ts in the implementation process. Of the five managers interviewed, 3 of 5 agreed or strongly agreed that employees understood the limitations in the implementation of the Performance Management System and 2 of 5 indicated that they did not know if the statement was true or not. The responses to the question indicate

differences to the extent to which employees understand the limitations in the implementation of the Performance Management System.



**Figure 5.5:** Executive Managers feedback on research questionnaire “statement 5”: “Employee understand the limitations in the implementation of Performance Management System

**Source:** Author (2014)

## 5.8 QUESTIONNAIRE

### INFORMATION ON THE EMPLOYEES PERCEPTIONS

The data below shows that the majority of employees were males as illustrated in Figure 4.2.

#### Employees Gender Distribution

Male	76%
Female	24%
<b>Total</b>	<b>100%</b>

**Table 5.3:** Gender

**Source:** Author (2014)

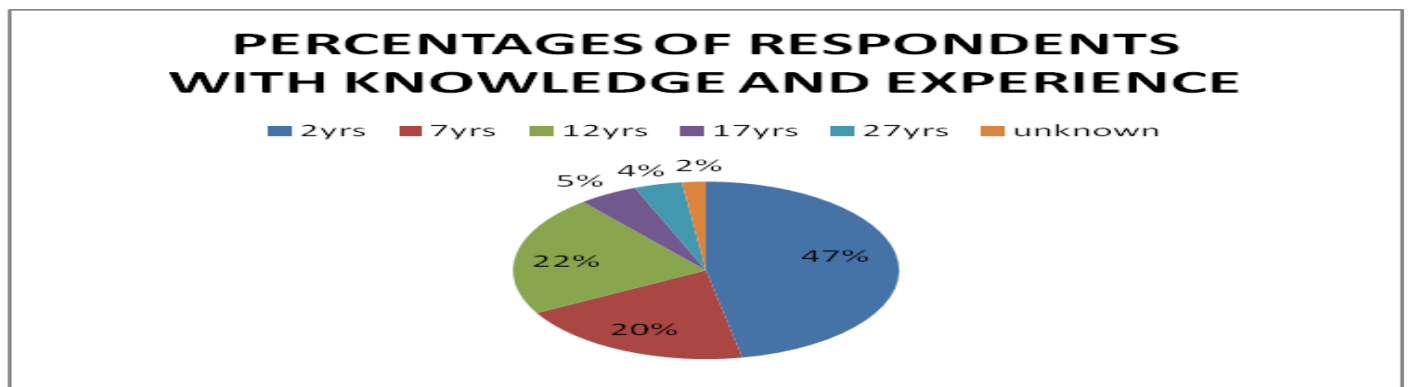
When considering Figure 5.6, 46% of the 60 respondents were skilled workers, followed by professionals who were 40% of the respondents, and senior management who were 7% of the respondents. Another 7% of respondents were not identified. Therefore, the occupational levels of the skilled workers, - respondents seem 6% more than the professionals - respondents.



**Figure 5.6:** Respondents per occupational levels

**Source:** Author (2014)

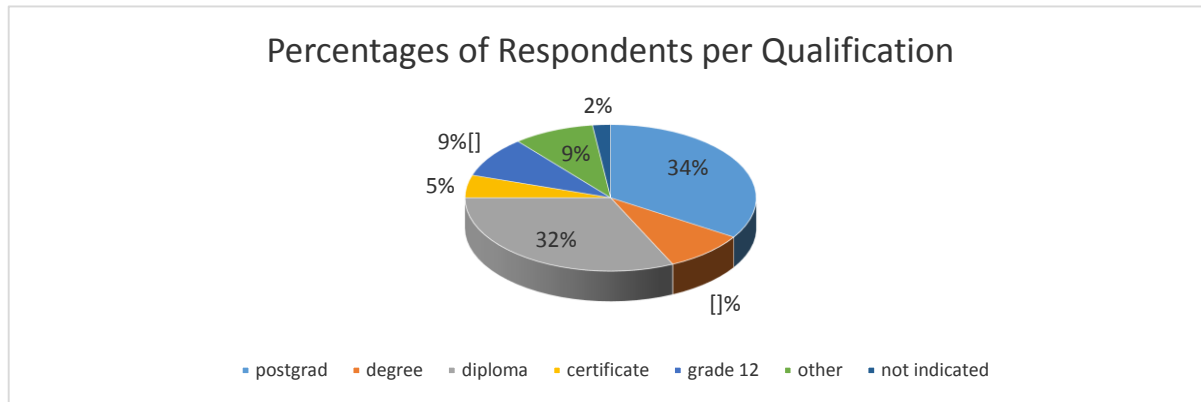
The data shows 47% of the Amatola Water respondents are represented by employees with 0–5 years of work. This suggests that 47% of employees have less than 5 years of work in the implementation of the organisational Performance Management System. The data shows that 22% respondents have 12 years of work in the implementation of the organisational Performance Management System compared to the 20% of respondents who have 7 years' of work.



**Figure 5.7:** Respondents' knowledge and experience

**Source:** Author (2014)

The data in Figure 5.8 shows that 34% of respondents held postgraduate degrees, 32% of respondents held diplomas, 9% held degrees, 9% held other qualifications, 9% completed Grade 12, 5% held certificates, and 2% did not indicated their qualifications. This suggests that the data was collected from respondents with different levels of qualification.. This has assisted the researcher in making observations about their involvement in the implementation of Performance Management System at Amatola Water.



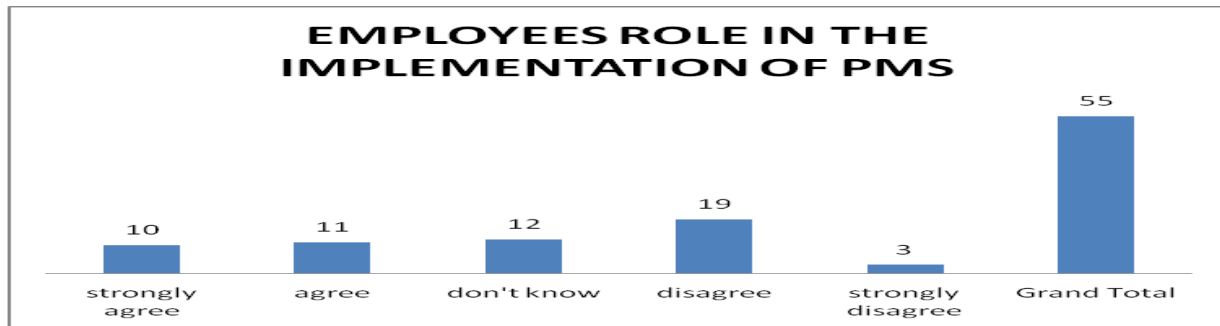
**Figure 5.8:** Percentage of respondents per qualification

**Source:** Author (2014)

Part B: presents the employees responses in section two (research questionnaire statement).

## IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK

The purpose of statement 1 is to understand the process in the implementation of the Performance Management System, which is important in the context of the study because the process is critical in its implementation. Of the fifty-five (55) employees, twenty-one (21 of 55) agreed or strongly agreed that employees understood the implementation of the Performance Management System. Almost the same number, twenty-two (22 of 55) employees, however, disagreed with the implementation of the Performance Management System, with a substantial component, namely twelve (12 of 55) employees, indicating that they did not know if the statement was true or not. The responses to the question indicate disparity to the extent to which employees understand their role in the implementation of the Performance Management System.

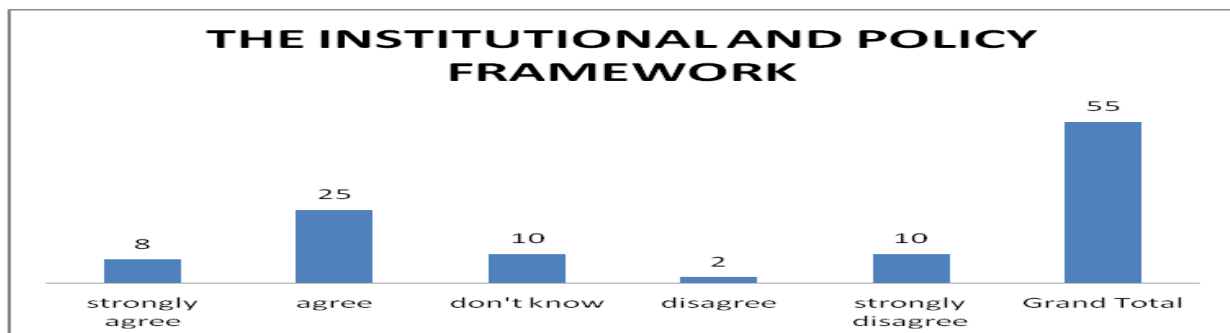


**Figure 5.9:** Employees feedback on research questionnaire “statement 1”:

**Source:** Author (2014)

## INSTITUTIONAL AND POLICY FRAMEWORK

The purpose of statement 2 is to gather whether the employees understand the institutional policy framework in the implementation of the Performance Management System, which is important in the context of the study because it provides legal guidance in the implementation process. Of the fifty (55) employees, thirty-three (33 of 55) agreed or strongly agreed that employees understood the institutional policy framework in the implementation of the Performance Management System, whilst twelve (12 of 55) disagreed that employees understood the institutional policy framework. A substantial component of ten (10 of 55) indicated that they do not know the institutional policy framework. The responses to the question indicate disparity to the extent to which employees understand the institutional policy framework in the implementation of the Performance Management System.

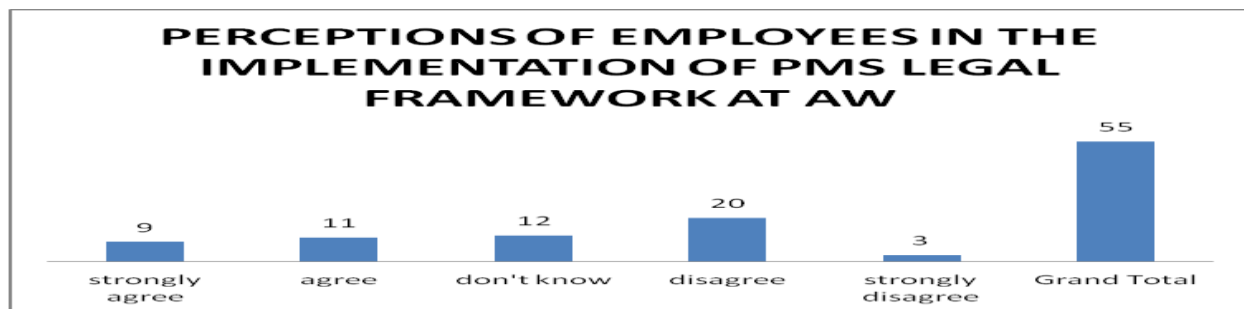


**Figure 5.10:** Employees feedback on research questionnaire “statement 2”:

**Source:** Author (2014)

## PERCEPTIONS OF EMPLOYEES IN THE IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK AT AMATOLA WATER

The purpose of statement 3 is to gather the employee's perceptions in the implementation of the Performance Management System legal framework, which is important in the context of the study because their perceptions will provide an insight into the PM Legal Framework during the implementation process. Of the fifty-five (55) employees, twenty (20) agreed or strongly agreed that employees understood the Performance Management System Legal Framework in the implementation process of the Performance Management System. Almost the same number, twenty-three (23 of 55) employees, however, disagreed that employees understood the Performance Management System legal framework in the implementation process, with a significant component of twelve (12 of 55) employees indicating that they did not know the Performance Management System Legal Framework in the implementation process. The responses to the question indicate disparity to the extent to which employees do not understand the legal framework in the implementation of the Performance Management System.



**Figure 5.11:** Employees feedback on research questionnaire “statement 3”:

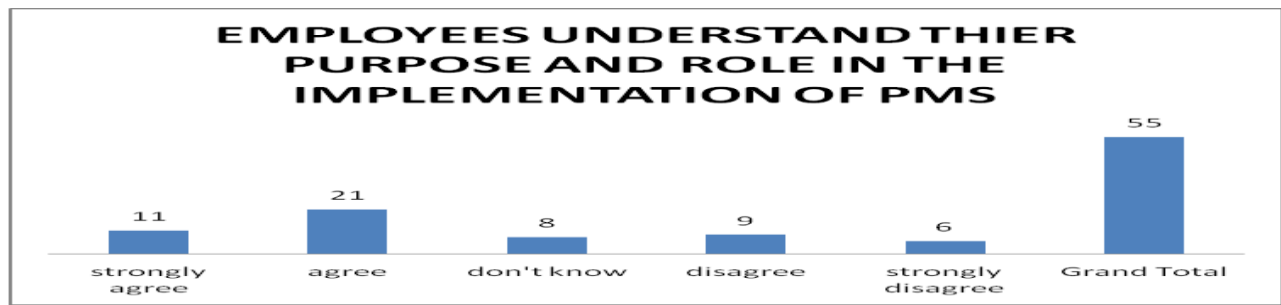
**Source:** Author (2014)

## EMPLOYEES UNDERSTAND THE PURPOSE AND THEIR ROLE IN THE IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEM

The purpose of statement 4 is to gather whether the employees understand the purpose and their role in the implementation of the Performance Management System, which are important in the context of the study because their purpose and role suggest their involvement, which is critical in the implementation process. From the 55 employees, 32 respondents agreed or strongly agreed that employees understood their purpose and role in the implementation of



the Performance Management System. However, 15 of 55 employees disagreed that employees understood their purpose and role, with a significant component of 8 of 55 employees indicating that they did not know if they understood the purpose and their role. The responses to the question indicate disproportion to the extent to which employees understand their role in the implementation of the Performance Management System.

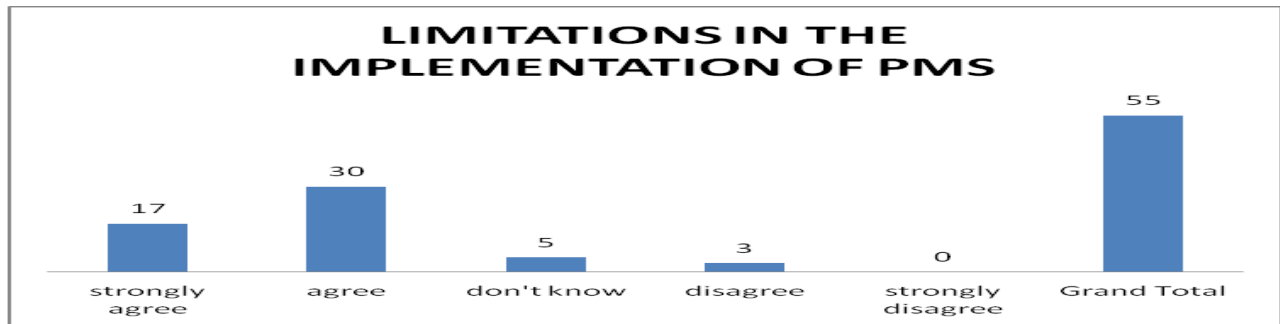


**Figure 5.12:** Employees feedback on research questionnaire “statement 4”:

**Source:** Author (2014)

## **EMPLOYEE UNDERSTANDS THE LIMITATIONS IN THE IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM**

The purpose of statement 5 is to gather whether the employees understand the limitations in the implementation of the Performance Management System, which is important in the context of the study because these limitations provide insight into and guidance in the implementation process. Of the 55 employees, 47 agreed or strongly agreed that employees understood that there are limitations in the implementation of the Performance Management System. However, of the 55 employees, 3 disagreed that employees understood the limitations in the implementation process, with a significant component of 5 of 55 employees indicating that they did not know if the statement was true or not. The responses to the question indicate differences to the extent to which employees understand the limitations in the implementation of the Performance Management System.

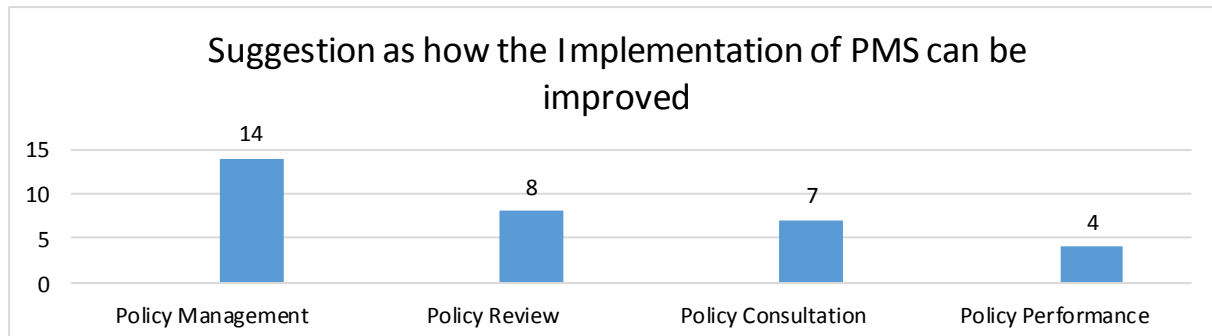


**Figure 5.13:** Employees feedback on research questionnaire “statement 5”:

**Source:** Author (2014)

Part C: presents the executive managers and employees responses in section three (research questionnaire statement).

Part C presents the respondents (executive and employees) suggestions in Section 3 for both managers and employees as per the research question. The objective focused on the suggestion as to how the implementation of the Performance Management System can be improved. The objective is to understand the suggestion for the improvement of the implementation of the Performance Management System at Amatola Water. The purpose is to determine whether the implementation of Performance Management System has achieved its intended course.



**Figure 5.14:** Respondents feedback on the Information about Part C

**Source:** Author (2014)

After reading all responses and connecting them to one another, the following categories were developed: (i) policy management, (ii) policy review, (iii) policy consultation, and (iv) policy performance.

The researcher decided to rank the categories (Appendix 3) according to their significance in the study. The process has enabled the researcher to identify areas where there was a common agreement amongst the questionnaires and areas where there were differences. The responses to the questionnaires were read, translated, compared, and the raw data received from the participants was analysed efficiently for similar agreements and differences in order to address the research objectives. The researcher grouped all relevant sentences together and linked them to the appropriate categories (see Figure 5.14) as highlighted below:

- 14 were linked to lack of policy management by the management;
- 8 responses were linked to a need for policy review;
- 7 responses received were linked to policy consultation; and
- 4 responses were linked to a lack policy performance.

Their importance and interpretation of these categories will be discussed in the next chapter as part of the findings and the recommendations.

The following verbatim responses were recorded in support of the summary and conclusion above:

- The application of the Performance Management System is not same [consistent] across the organisation.
- I think a 360° workshop on Performance Management System will improve the understanding of and the participation in achieving the goals of the organisational Performance Management System.
- Directors and senior management must lead the workshops to attract involvement at all organisational levels.
- I think the chain management must be introduced or implemented as follows: individual duties must be linked to the divisional structure.
- The divisional structure must be linked with divisional goals, including other divisional goals in order to achieve the organisational goals.
- The policy of promotion must be revisited to motivate the performance of employees. In that way, we can easily improve the organisational Performance Management System.
- A proper consultation process on the corporate scorecard is needed.

- Clear link between corporate scorecard and divisional goals.
- Clearly defined roles of individual employees and performance measures ... linked to each employee's duties and functions.
- Through staff buy-in.
- Fair rewards system.
- Performance Management System linked to organisational scorecard.
- Management must include employees in decision-making.
- Clear and obtainable objectives must be given.
- Management is not monitoring performance.
- Keep to measurable targets.
- The Senior Management needs to champion the Performance Management System.
- The HR should be the main drivers in making sure that managers are implementing the Performance Management System as it should.
- HR to conduct RD shows in educating the staff about the Performance Management System.
- People need to hold accountable for the Performance Management outcomes, with actions of improvement.
- Measurable – Achievable targets.
- Performance bonuses.
- New performance contracts to be done at the beginning of each new financial year – currently there are poor controls on implementation of the Performance Management System.
- All employees should have an opportunity to know and understand what they are signing, including illiterate employees.
- Need a workshop for all employees on what the Performance Management System is all about, how it works and how it relates to one's job with regard to the corporate scorecard.
- The implications of poor performance with regard to individual work, teamwork, and a divisional performance plan, and eventually how business initiatives are disrupted as a result of not meeting targets.

During the interviews and questionnaire, acquired information from the managers and employees was necessary as was relevant to the research question. The goal was to obtain

suggestion as to whether the implementation of the Performance Management System has achieved its intended course and how it can be enhanced. The goal is to understand the suggestion for the improvement of the implementation of the Performance Management System at Amatola Water.

These suggestions will be discussed in chapter 6 as part of the findings.

## **6. CONCLUSION**

The research design process of data collection in relation to the research problem and set objectives was discussed in order to demonstrate the realisation of the goal and the objectives. This chapter discussed the research methodology and presents the research questions in relation to how the data was collected, the area of study, and the population selected for the study. In addition, this chapter described in detail how the research study was undertaken. It presents the results based on the research design implemented during the research process. It further discusses the research instruments and clearly defines the methodology of organisational the Performance Management system in Amatola Water.

The method employed in this study was qualitative research and qualitative data in the form of text, images, sounds drawn from observations, interviews, and documentary evidence, was gathered. It was subsequently analysed using qualitative data analysis methods. The focus was on the secondary category, i.e. products of human behavior, which is relevant to the implementation of the Performance Management System and could be effective in the data collection method.

The selection of an appropriate research method was critical for the success of this study. A formal clearance request for permission to conduct the study was discussed together with the permission granted by the Departmental Ethical Clearance Committee of the School of Public Leadership of Stellenbosch University.

The scored responses were analysed in line with the research objectives focusing on the top management, senior management, professionally qualified and skilled levels. The data collected from the respondents will form part of a detailed interpretation of the research objectives, which will be presented in chapter 6 as part of the findings, recommendations and conclusion.

# **CHAPTER 6: FINDINGS, RECOMMENDATIONS AND CONCLUSION**

## **6.1 INTRODUCTION**

Based on the data collected in chapter 5, this chapter summarises the main arguments and research findings as per identified research problem and research objectives identified in chapter 1. The thesis focused on addressing the following research objectives:

1. To discuss and conceptualise the nature of an organisational performance management system.
2. To describe South African policy framework that guides the implementation of organisational performance management in the Water Board,
3. To discuss the employee perception in the implementation of the Performance Management System in Amatola Water.
4. To offer recommendations for the successful implementation of the organisational Performance Management System in Amatola Water.

The primary focus of this chapter will be to conclude the findings from the literature and the research findings for each of the research objectives. The implication of the findings relating to research objectives, limitations of the study, and recommendations for further research will be based on the research data collected through research design and methods discussed in chapter 5.

The chapter will conclude with possible recommendations to address the identified problem that ascribe the deficit at Amatola Water to a lack of accurate and reliable Performance Management System. The aim is to further the development of an effective implementation process of Performance Management System legal framework.

## **6.2 FINDINGS**

### **6.2.1 Research objective 1**

The first objective of this research was to discuss and conceptualise the nature of an organisational Performance Management System in public sector. Mouton's (2001:86–89) literature review in a research study provides different perspectives from different researchers about the data relevant to the subject. The chapter 2 was used to contextualise the study in terms of similar research or studies that have addressed the same problem. Guba and Lincoln (1994), argued that no absolute truth or sense is the result of the alteration or interpretation of new information that was created. Therefore, the truth is an outcome of the relationship between the cause and the effect established in the study. The researcher's assumption is that Guba and Lincoln (1994) acknowledges that during the analysis and the interpretation of the findings, the researcher is able to construct a truth about the participants and by the participants being involved, but the question remains as to how much truth is established and how debatable this truth is.

The literature review in chapter 2 emphasised the importance of the implementation of an organisational Performance Management System at Amatola Water. Different definitions and components of the Performance Management System were discussed and linked to the successful implementation of the organisational Performance Management System. The chapter further presented objectives and models of Performance Management System as contributing factors towards successful implementation of organisational Performance Management System with limitations of Performance Management System attributed to the failures on the implementation process.

The chapter (2) further provided a theoretical conceptual framework as the basis of the study. The importance of a shared understanding of the Performance Management System, the availability of relevant skills within the organisation and the importance of the involvement of all stakeholders in the development of the system was identified as critical factors toward the successful implementation of a Performance Management System.

The policy framework that governs Performance Management Systems applicable to government water utility was discussed in chapter 3 and offers further guidelines for the success of such a system. The Constitution of South Africa 1996 as discussed revealed that Performance Management System should promote the principles of economy, accountability, transparency and responsiveness. The Local Government Municipal Systems Act of (2000) applicable to government water utility as discussed requires that Amatola Water must develop a Performance Management System with the following as discussed.. The Municipal Planning and Performance Management Regulations (2001) applicable to government water utility was presented and linked Amatola Water Performance Management System as a framework that describes performance cycles on how it should be conducted. This was supported by the Framework for Managing Programme Performance Information (2007), applicable to government water utility by providing key concepts of the implementation of Performance Management System.

In chapter 4 the case study analysis added value by focusing on the institutional legal requirements such as, The Water Services Act 108 of 1997 (Republic of South Africa, 1997) requires Amatola Water to submit an annual business plan to the Department of Water Affairs as part of its legal requirements. The chapter (4) also revealed the guiding principle for the implementation of policy framework for the successful implementation of organisational Performance Management System. The scope of complexity in an impromptu environment should be addressed to ensure the process is running smoothly. The complexity of the policy framework presented in Amatola Water necessitates greater shared understanding of the Performance Management System as introduced in the literature review. This was revealed in section 5.9 of this study which highlighted that there are variances in the degree to which employees at all levels of the Amatola Water Board understand the implementation of the Performance Management System policy framework. Further responses to the interviews and questionnaire also indicate some disparity in employees' understanding of the institutional policy framework in the implementation of the Performance Management System for Amatola Water.

It is therefore recommended that a champion for the Performance Management System implementation process is critical to drive, enhance and reduce the complexity in the implementation process of the organisational performance at Amatola Water. It is also recommended that performance management co-ordinators at divisional levels be established



in pursuit of performance standards who will assist in the signing of divisional performance agreement. Continuously conveying ownership to the divisions about what the organisation wants to achieve can ultimately contribute to success factors of the implementation of a Performance Management System (Kaplan, 2002 cited in De Waal, 2003:3).

It is further recommended that Amatola Water implementation process of the Performance Management System should:

- Assess the organisational readiness on the implementation of the organisational objectives, by developing a policy on Performance Management System.
- Assess the external environment by identifying potential risks and opportunities (legislative amendments) to ensure the process of Performance management is clearly defined,
- Start with business strategy and finish business strategy by developing a business plan in a manner where all parties should be invited to participate in its development, with the aim of identifying an individual purpose within the organisation,
- Identify performance outcomes, and evaluate results and align those outcome with organisational objectives and goals, the aim of to assess the impact of the implementation of Performance Management System,
- Interpret the strategic objectives and goals by cascaded down to all employees with the aim of developing ownership, by developing divisional performance agreement,
- The performance agreement must be discussed and consensus be reached between the divisions based on key performance areas immediately after the adoption of the business plan,
- The internal auditing should be used as pre-check and aligned to the organisational performance,
- The policy as guiding principle should be reviewed and communicated to all relevant role players with clear goals and objectives annually.

### **6.2.2 Research objective 2**

To address research objective 2 the South African policy framework that governs the implementation of organisational performance management in the Water Board was discussed.

This is important in terms of chapter 3, which states that the development of a Performance Management System in the South African governance is a highly structured process, which is determined by various policies and legislation (Quinton, 2006). The need to improve integrated structures, systems, and processes required to manage the organisational Performance Management System are important in the successful implementation process. The Local Government Municipal Systems Act of (2000) was discussed - requires that Amatola Water develop a Performance Management System with the following: set targets, indicators, publish annual reports, conduct internal audit of performance. The Municipal Planning and Performance Management Regulations (2001) presented a Municipal Performance Management System as a framework that describes municipality's performance cycles should be conducted. This was supported by the Framework for Managing Programme Performance Information (2007), by providing key concepts of the implementation of Performance Management System. The roles and responsibilities for managing organisational performance; and promotion of accountability and transparency by providing information to the public with regard to an accessible and accurate organisational Performance Management System is identified as highly important in the implementation of a Performance Management System in the public sector environment.

In chapter 4 the respondents confirm that the South African policies and legislation provide the basis for the implementation guidelines for the implementation of an organisational Performance Management System in Amatola Water. The adopted scorecard is used as a barometer in identifying the roles and responsibilities towards achieving organisational performance. Figure 5.2 show that the majority of managers agreed that policy framework plays a crucial role in the implementation of the Institutional Policy Framework. In terms of this objective a significant margin of both respondents agreed that Amatola Water developed and submitted an organisational business plan to the Department of Water and Sanitation annually. In terms of Section 40 of the Water Services Act 108 of 1997, Amatola Water prepares and adopt a business plan for the following five financial years, which contain information regarding activities that will be undertaken and the performance targets for each, and forecasts of capital expenditure for the primary and other activities for the next five years as required by the legal framework.

It is therefore, concluded that the implementation of organisational Performance Management System is guided by the South African Legal Framework. It is recommended that the divisional

performance co-ordinator for the Performance Management System (see previous recommendation) regularly review the following documents to ensure alignment of the Amatola Water Board to the respective requirements:

- The Constitution of South Africa with the aim of promoting the principles of economy, accountability, transparency and responsiveness.
- The Local Government Municipal Systems Act applicable to Amatola Water, by developing a Performance Management System that adopt: targets, indicators, annual reports and internal audit.
- The Municipal Planning and Performance Management Regulations cycle applicable to Amatola Water when Performing Management System.
- The Framework for Managing Programme Performance Information that provides key concepts of the implementation of Performance Management System.
- The Water Services Act 108 of 1997 compliance document essential to achieve the requirements of the Department of Water Affairs
- Environmental Conservation Act and National Environmental Management Act, which requires government water utility to comply with set standards and regulations for water treatment process.

It is also acknowledged that other policy frameworks may become relevant in the future.

### **6.2.3 Research objective 3**

This research objective focused on the employee's perception on the implementation of the Performance Management System. The literature review in chapter 2 emphasised the significance of staff involvement on the implementation of organisational Performance Management System for Amatola Water. According to Armstrong (2000), feedback is critical to identify threats and opportunities in the process. The objective was to acquire logical reasoning or evidence on past experience in order to: (a) go beyond simply reporting observations; (b) promote an environment for improved understanding; (c) combine extensive research with a detailed case study; and (d) prove relevancy of theory by working in a real practical world in Amatola Water.

During document analysis, raw data from sets of documents were analysed in the workplace by collecting and analysing official documents and was conducted as part of content analysis from the data gathered from the interviews and questionnaire. The goal was to allow the study to establish a substantial narrative description of the respondent's behaviours in the natural environment and does not manipulate the study and take into account the collected views of the respondents, as the rationale is generally the aim for objectivity. The researcher created a conducive environment for the participants to participate and respond freely and openly on issues pertaining to the implementation of the Performance Management System Legal Framework.

The case study for Amatola Water reveals in chapter 4, that, although Amatola Water adopted corporate scorecard, the actual process or role it plays in ensuring successful implementation of the organisational Performance Management System is not explicit and therefore becomes a concern. Within an organisational Performance Management System, literature emphasised the importance of clear reporting lines and well-demarcated responsibilities for all employees. This is also important in terms of the legislative requirements in chapter 3, section 41 (c) of the Constitution of the Republic of South Africa (1999) promotes the principles of co-operative governance and intergovernmental relations through effective, transparent, accountable, and coherent government, focusing on democratic values and principles of good governance. This is critical to the research objective which focuses on the employees perception on the implementation of the Performance Management System.

The information collected in Figure 5.3 indicate disparity to the extent to which managers understand the legal framework in the implementation of the Performance Management System, while figure 5.11 reveal that a significant employees disagreed that assessments are based on the agreed upon performance standards. A significant margin of both respondents agreed with the statement that sufficient information about the Performance Management System is communicated to all divisions to enable them to execute their responsibilities in the best interest of the organisation.

It is therefore concluded that there are variances in the degree to which all employees understand the policy framework in the implementation of Performance Management System. The study therefore recommended that:

- Management communicate the implementation of the Performance Management System to the entire organisation as it is an employer employee responsibility.
- The goals and objectives of the Performance Management System should be clearly defined in the policy so that employees know when they are achieved.
- Management should monitor and evaluate the implementation of the organisational Performance Management System on daily basis.
- In order to limit unbiased assumptions and perceptions, a standardised reporting format should be clearly defined and understood by both manager and employee.
- The reporting period should be aligned with the assessment period and provision of feedback immediately after the completion of the assessment in order to keep track with the expected deliverables and also encouraging divisions to perform better on all underperformed areas.
- Provide training and roadshows with regard to the implementation of the Performance Management System in order to enhance ownership during the implementation process.

By improving these Performance Management issues, employees' negative perceptions of the implementation of the Performance Management System should be reduced and positive perceptions should start to surface.

#### **6.2.4 Research objective 4:**

The researcher's objective was to provide recommendations in the implementation of the organisational Performance Management System Legal framework. The literature review in chapter 2, emphasis on the importance of the successful factors on the implementation of organisational Performance Management System in Amatola Water. According to Karve (2003), assessment of organisational readiness plays a significant role in the success of organisational performance. The Municipal Planning and Performance Management Regulations (2001) applicable to Amatola Water define Performance Management Systems as "a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players". This is important in terms of the legislative requirements in chapter 3, which states, public sector is encouraged to adhere to the principles of (Batho Pele) in order to enhance the public service delivery goals.

The case study in Amatola Water reveals that in chapter 4, Amatola Water has adopted the ten areas for Successful Water Utility Service Provision that are aligned to balanced scorecard. The ten areas are used for assessing organisational performance outcome as per approved business plan during the implementation process. This is critical to the research objective focuses on the recommendations in the implementation of the organisational Performance Management System legal framework.

The information collected in Figure 5.4 a significant margin of executive management (5) agreed that employees understood the implementation of the Performance Management System in Amatola Water, but Figure 5.9 indicate disparity in the extent to which all (55) employees understand purpose and their role in the implementation process of the Performance Management System. Both Figure 5.5 and Figure 5.12 shows respondents agree that there are limitation in the implementation of the Performance Management System legal framework such as;

- Ambiguous strategic objectives
- Misalignment in financial reporting periods by government departments,
- Inconsistency in conducting divisional quarterly reviews,
- Unrealistic divisional performance targets, and
- Indistinct performance indicators

Based on the findings presented above, core findings from each section in the questionnaire are highlighted:

#### **i) Implementation of the Performance Management System Framework**

The executive management agreed that employees understood the implementation of Performance Management System policy framework, with a significant margin of employees refuted that they understood the implementation of Performance Management System policy framework. This could be caused by the lack of an outdated policy for performance management system. Despite the disparities to the questionnaire it can be concluded that, a significant margin of respondents understood the institutional policy framework in the implementation of the Performance Management System for Amatola Water.

It is recommended that the managers develop Performance Management Policy Strategy and conduct awareness programmes with the aim of ensuring that all employees understood the implementation of Performance Management System Framework.

## **ii) The Institutional and Policy Framework**

The executive management agreed that Amatola Water developed and submitted an organisational business plan to the Department of Water Affairs annually, with a significant margin of employees disagreed that the business plan is submitted annually. This could be the result of ambiguous the organisational strategy. It is therefore, can be concluded that, despite disparities to the questionnaire, a significant margin of employees disagreed that the implementation of organisational Performance Management System is guided by the South African Policy Framework.

It is recommended that the managers as responsible for the implementation of institutional policy framework, they must ensure that the employees are involved during the development of the organisational strategy by cascading down business plan to all employees.

## **iii) Perceptions of employees on the implementation of Performance Management Framework at Amatola Water**

The executive management agreed that sufficient information about the Performance Management System is communicated to all divisions, with a significant margin of employees disagreed that the sufficient information is communicated to all employees. This could be caused by the absence of divisional performance co-ordinators. Despite disparities to the questionnaire, it is therefore, concluded that, the employees do not understand the policy framework in the implementation of Performance Management System.

It is recommended that divisional coordinators should be established for the co-ordination and communication of Performance Management System policy and strategy. The aim is to enhance synergy and divisional ownership during the implementation process.

#### **iv) Employees understand the purpose and their role in the implementation of the Performance Management System**

The executive management agreed that employees understood the implementation of the Performance Management System in Amatola Water, with a significant less margin of employees disagreed that they understood their purpose and their role in the implementation process of the Performance Management System. This could be caused by the vague divisional performance standards and divisional performance indicators. Despite disparities, it can be concluded that a significant margin of employees disagreed that they understood the purpose and their role in the implementation of Performance Management System legal framework.

It is recommended that divisions should discuss - reach consensus – sign divisional performance agreements. Performance records should be kept in registry. The aim is to clarify divisional roles and purpose in the implementation of Performance management System, which can latter yield positive results.

#### **v) Limitations of the Performance management System in the implementation process**

Both senior management and operational staff agreed that they understood the limitations in the implementation of process. The responses to the questionnaire (55 respondents – senior management) indicates that a conclusion can be drawn that a significant margin of employees strongly agreed that there are limitation in the implementation process of the Performance Management System at Amatola Water.

One of the limitations presented by the employees was a lack of consultation. The responses shows that employees were not adequately consulted during the development of the policy framework. Figure 5.13 serve as an example for the positive contribution that could be derived through an intensive consultation process, by presenting some of the respondents suggestion in the implementation of the Performance Management System. The data shows a significant margin of respondents suggesting that the implementation of the Performance Management System is not managed at Amatola Water. This could be the result of the degree to which the management is not familiar with the performance management policy. The responses show that the policy is due for review because of new regulations or environmental demands. The respondents suggested that the policy is not performing according to its intended goal and



objectives. One respondent stated that “the application of the Performance Management System is not the same – consistent across the organisation”. Other challenges identified by the respondents include management that was poorly trained to put the organisational Performance Management System Framework at Amatola Water into operational. Adequate staff should be equipped with the process of implementing the organisational Performance Management System for positive outcomes. Measuring policy outcome forms part of policy review and its intended course is highly critical during policy review.

It is recommended that employees be consulted during policy development. The importance of involving stakeholders was discussed in chapter 2. Such involvement is important and is decided during the planning stage. As stipulated in the literature review, generally, it is equally important to seek their input into the content of the policy. Reporting systems of accountability form part of policy performance. The employees can be requested to review policies and provide their feedback. This can be done through establishing policy forums for policy discussion, debates, and consensus.

Managers are primary responsible for the implementation of the Performance Management System at Amatola Water. Monitoring and evaluation of the policy should be prioritised.

It is therefore, concluded that, in terms of this objective, a significant margin of respondents’ shows disparities with regard to the implementation of the Performance Management at Amatola Water and therefore, recommended that:

- Management must ensure that performance agreements are signed immediately after the consensus has been reached with regard to performance standards annually by all parties,
- The measurable targets should be clear and achievable during the performance agreement,
- The organisational assessment should be done to the entire organisation and be used as a yardstick for organisational achievements,
- The scorecard should be used to measure the success of the organisational objectives and latter be used to determine whether the organisation has reached its performance score card,

- The divisional managers must demonstrate that they take organisational performance assessment seriously by conducting quarterly assessments,
- The organisational achievements related to the Performance Management System should be explicitly discussed during the assessments period,
- Ambiguous lines of reporting that are causing difficulties for staff to agree on which managers responsible for the performance contract must be avoided.

The recommendations offered here may serve to improve current limitations in the implementation of the Performance Management System.

### **6.3 LIMITATIONS OF THE STUDY**

During the course of this study, the researcher, being an employee at Amatola Water, was faced with some challenges which could have caused limitations such as:

- The coordination of interviews with management was strenuous.
- Communicating with employees to ensure that they understood the questionnaire was a challenge in that some were not keen to participate due to personal reasons.
- The researcher, being an employee at Amatola Water, was faced with some challenges. One respondent reacted as such when he was contacted by telephone with regard to the return of the questionnaire and his response was “I do not think that I should contribute to this thesis, as I have applied for a bursary and never got it”. It should be noted that this is one of the researcher’s responsibilities at Amatola Water to assist employees with access to bursaries. However, after an engagement with the respondent, he returned the questionnaire.
- One senior manager could not set time aside for the interviews because of other commitments.
- Two senior managers with more than five years’ experience at Amatola Water have resigned during this process, but four were interviewed.
- The trust between the researcher and the employees was hanging, “both from management and staff there was an element of trust.”
- The policy was last updated in 2005 and lack guidance on organisational performance.

- A limited number of staff involved in the implementation process of the Performance Management System. It was not possible to interview or send the questionnaire to the lower levels as they were not involved in the implementation of the Performance Management System. The views of employees with regard to purpose and roles in the implementation of the Performance Management System were crucial in terms of this objective. The insufficient involvement of the lower staff in this study limited the broader voice of the Amatola Water staff.
- During the course of pursuing this objective, the researcher experienced some limitations or challenges such as a limited number of potential case studies relevant to the implementation of the Performance Management System Legal Framework at water boards.

Even though there were limitations identified during the study, the study was successfully completed. However, it is acknowledged that it should be complemented by further research into the Implementation of Performance Management System legal framework at Water Board in order to allow an informed perspective in complementing the obtained outcome.

## **6.4 CONCLUSION**

This study indicated that while the Amatola Water Board has made progress with the implementation of an Organisational Performance Management System, there are still problems with the cascading of the system down throughout all levels of the organisation. The literature review highlighted that the problems experienced in Amatola Water Board is challenges in the implementation of such a Performance Management System. The findings of the study offer particular focus areas that the Amatola Water Board should focus on improve the implementation of the Organisational Performance Management System at Amatola Water. It is also recommended that Amatola Water undertake further studies to regularly assess the status of the implementation of the Organisational Performance Management System to ensure ongoing adaptation and refinement of the policies and procedures that govern and manage the Organisational Performance Management System.

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## Appendix 1: QUESTIONNAIRE

**RESEARCH TOPIC:** IMPLEMENTATION OF THE ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM (PMS) AT AMATOLA WATER – WATER BOARD IN THE EASTERN CAPE:

Thank you for participating in this process of examining the perceptions of managers and employees at Amatola Water (AW) on the implementation of the organisational performance management system within Amatola Water.

The first permission was granted by the Ethical Clearance Committee of Stellenbosch University on the 9 May 2011 in fulfilment of the Masters Degree in Public Administration. The second permission was granted by AW Chief Executive Officer on the 1 July 2014.

Your answers will be strictly confidential and will only be used for academic purposes. The information cannot be used or sought out by AW against the participants, either directly or indirectly.

### SECTION 1

#### • INSTRUCTIONS

- Please place a cross (X) in the column which most closely reflects your option.
- *Please answer each option:-*

#### BIOGRAPHICAL DATA

##### 1.1. GENDER

Male		Female	X
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##### 1.2. AGE GROUP

21-30		31- 40	X	41-50		51-60		61-70	
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##### 1.3 EDUCATIONAL STATUS

Grade 12		Diploma		Degree		Post Graduate	X	Other (Please Indicate)	
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##### 1.4 WHAT GRADE ARE YOU IN?

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
											X							



## 1.5. NUMBER OF YEARS IN AW SERVICE

0-5		6-10 X		11-15		16-20		21-26		27+	
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## Section 2

### • INSTRUCTIONS

- Please place a cross (X) in the column which most closely reflects your view about the statement.
- Please provide indicate your view for each statement provided:-

No	Statement	Agree	Strongly agree	Don't know	Disagree	Strongly disagree
<b>1. IMPLEMENTATION OF THE PMS FRAMEWORK</b>						
1.1	Senior Management is responsible for the implementation of PMS.	X				
1.2	Divisional performance management system feedback is provided within the context of the organisational business plan.	X				
1.3	Divisional performance management system feedback is given as soon as possible after the organisational performance assessment.	X				
1.4	Organisational performance is assessed against the previously agreed organisational performance standard.	X				
1.5	Prior to quarterly PMS assessment, divisions signed divisional PMS agreement about factors against which performance would be implemented.	X				
<b>2. THE INSTITUTIONAL AND POLICY FRAMEWORK</b>						
2.1	PMS policy framework provides guidance in the implementation of performance management system at AW?	X				
2.2	AW annually developed and submits organisational business plans as required by the department of environmental affairs as part performance management system.	X				
2.3	The divisional performance management system supports the objectives of organisational business plan.	X				
2.4	Performance goals are developed by management for the divisions and have specific time frames.	X				
2.5	Relevant performance outcomes are	X				

	discussed between the divisions to determine progress.					
2.6	Divisions are providing quarterly feedback to the managers on the organisational annual performance.				X	
2.7	Internal auditing is conducted as part of PMS.	X				
2.8	There is a link between the organisational scorecard and divisional PMS at AW?	X				
<b>3. PERCEPTIONS OF EMPLOYEES ON THE IMPLEMENTATION OF PMS FRAMEWORK AT AW</b>						
3.1	Sufficient information about PMS is communicated to all divisions to enable them to execute their responsibilities in the best interest of the organisation.				X	
3.2	Relevant organisational expectations are discussed between the divisions.				X	
3.3	The PMS enables the organisation to identify the underperforming divisions.	X				
3.4	PMS assessment is based on actual accomplishment rather than numerical ratings.	X				
3.5	Divisions concentrate on managing performance rather than controlling performance.	X				
3.6	Divisional PMS assessment is conducted annually.				X	
3.7	The implementation of PMS has achieved the intended cause in the organisation.			X		
<b>4. EMPLOYEES UNDERSTAND THE PURPOSE AND THEIR ROLE IN THE IMPLEMENTATION OF THE PMS</b>						
4.2	Your role is clearly defined in the implementation of performance management system in the organisation.	X				
4.4	Organisation effectively designs opportunities for divisions to provide mechanism for improvement.				X	
<b>5. LIMITATION OF THE PMS IMPLEMENTATION</b>						
5.1	There are challenges with regard to the legal framework in the implementation of the PMS.	X				
5.3	The divisions demonstrate that they take organisational performance assessment seriously.				X	

5.6	There are organisational achievements related to PMS.			X		
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### Section 3

Please give (3) three ideas as to how the implementation of the organisational performance management system could be improved.

1. Through staff by-in
2. Fair rewards system
3. PMS linked to organisational scorecard

**Appendix 2:** Amalola Wallr AmanZi - PERFORMANCE MANAGEMENT POLICY AND GUIDELINES (VERSION 2), document can be found on the internet as illustrated in the Reference list

### Appendix 3: Coding Exercise

Different suggestions were received and will be discussed in Chapter 6 as part of the findings.

The following responses were transcribed verbatim:

- The application of the PMS is not **same** [consistent] across the organisation.
- I think a 360° workshop on PMS will **improve** the understanding of and the participation in achieving the **goals** of the organisational Performance Management System.
- Directors and senior management must **lead** the workshops to attract **involvement** at all organisational levels.
- I think the **chain management** must be introduced or implemented as follows, individual duties must be linked to the divisional structure
- The divisional structure must be linked with divisional **goals**, including other divisional goals in order to achieve the organisational **goals**
- The policy of promotion must be revisited to **motivate** the performance of employees. In that way, we can easily **improve** the organisational PMS
- A proper **consultation** process on the corporate scorecard is needed
- **Clear link** between corporate scorecard and divisional **goals**
- **Clearly defined** roles of individual employees and performance measures....**linked** to each employee's duties and functions
- **Through staff by-in**

- Fair rewards system
- PMS **linked** to organisational scorecard
- Management must **include** employees in decision-making
- **Clear and obtainable** objectives must be given
- Management is not **monitoring** performance
- Keep to **measurable targets**
- The Senior Management needs to **champion** the PMS
- The HR should be the **main drivers** in making sure that managers are implementing the PMS as it should.
- HR to **conduct RD shows** in educating the staff about PMS
- People need to hold **accountable** for the PM outcomes, with actions of **improvement**.
- **Measurable** targets
- **Achievable** targets
- Performance bonuses
- New **performance contracts** to be done at the beginning of each new financial year – currently there are **poor controls** on implementation of PMS
- All employees should have an opportunity **to know** and **understand** what they are signing, including illiterate employees
- Need **a workshop** for all employees on what PMS is all about, how it works and how it relates to one's job with regard to the corporate scorecard
- The implications of **poor performance** with regard to individual work, team work, and a **divisional performance plan**, and eventually how business initiatives get disrupted as a result of not meeting targets.